

# 2025 GOVERNOR'S BUDGET

March 19, 2025

## 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:

<b>Current Operations – General Fund</b>	<b>FY 2025-2026</b>	<b>FY 2026-2027</b>
<b>EDUCATION</b>		
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		
Academic Affairs	274,127,761	274,127,761
Health Affairs	107,144,915	107,144,915
Elizabeth City State University	48,513,547	48,513,547
Fayetteville State	87,586,990	87,586,990
NC A&T State University	162,728,474	162,743,010
NC Central University	98,572,636	98,572,636
NC State University		
Academic Affairs	564,312,136	564,676,069
Agricultural Extension	46,543,237	46,543,237
Agricultural Research	63,465,016	63,465,016
UNC-Asheville	51,101,094	51,101,094
UNC-Chapel Hill		
Academic Affairs	385,597,924	385,597,924
Health Affairs	249,399,553	249,399,553
AHEC	57,855,450	57,855,450

1	UNC-Charlotte	331,584,743	331,584,743
2	UNC-Greensboro	204,987,083	204,987,083
3	UNC-Pembroke	95,473,853	95,473,853
4	UNC-School of the Arts	42,015,189	42,015,189
5	UNC-Wilmington	217,239,729	217,239,729
6	Western Carolina University	164,563,738	164,589,450
7	Winston-Salem State University	68,743,773	68,743,773
8	General Administration	50,098,094	50,098,094
9	University Institutional Programs	445,200,342	418,908,192
10	Related Educational Programs	155,756,139	494,956,139
11	NC School of Science and Math	47,142,167	46,042,167
12	Aid to Private Institutions	11,209,300	1,209,300
13	<b>Total University of North Carolina</b>	<b>4,240,825,478</b>	<b>4,543,037,509</b>
14			
15	<b>HEALTH AND HUMAN SERVICES</b>		
16	Department of Health and Human Services		
17	Aging and Adult Services	52,921,202	52,835,960
18	Central Management and Support	264,668,458	280,846,739
19	Child Development and Early Education	382,372,308	402,337,850
20	Child and Family Well Being	67,730,469	66,899,077
21	Health Benefits	6,713,749,640	6,915,372,354
22	Health Services Regulation	28,910,644	27,684,055
23	Mental Hlth/Dev. Disabl./Subs. Abuse Serv.	872,910,215	861,901,094
24	Public Health	145,202,462	141,115,801
25	Services for the Blind, Deaf and Hard of Hearing	10,914,745	10,582,156
26	Social Services	237,776,745	237,389,031
27	Vocational Rehabilitation	49,986,020	48,988,234
28	<b>Total Health and Human Services</b>	<b>8,827,142,908</b>	<b>9,045,952,351</b>
29			
30	<b>AGRICULTURE, NATURAL, AND ECONOMIC RESOURCES</b>		
31	Agriculture and Consumer Services	212,663,368	187,645,965
32			
33	Department of Commerce		
34	Commerce	32,609,149	32,416,005
35	General State Aid	19,655,810	19,655,810
36	Economic Development	166,248,245	161,248,245
37			
38	Environmental Quality	140,680,891	128,482,814
39			
40	Labor	28,121,857	27,647,075
41			
42	Department of Natural and Cultural Resources	307,296,564	300,576,669
43			
44	Wildlife Resources Commission	18,351,461	17,633,011
45			
46	<b>JUSTICE AND PUBLIC SAFETY</b>		
47	Judicial Department	827,773,076	820,165,360
48			
49	Judicial Department – Indigent Defense Services	185,962,469	175,026,742
50			
51	Department of Justice	90,804,406	89,863,913

1			
2	Department of Public Safety	702,776,742	686,556,053
3			
4	Department of Adult Correction	2,177,127,587	2,157,937,189
5			
6	State Bureau of Investigation	75,468,655	64,814,302
7			
8	<b>GENERAL GOVERNMENT</b>		
9	Department of Administration	74,678,938	74,260,897
10			
11	Office of Administrative Hearings	8,898,948	8,839,511
12			
13	State Board of Elections	11,759,995	11,682,822
14			
15	Office of State Auditor	20,631,544	20,427,667
16			
17	Office of State Controller	37,735,638	37,484,996
18			
19	General Assembly	106,202,329	103,830,055
20			
21	Office of the Governor	12,123,401	12,059,283
22			
23	Office of State Budget and Management		
24	Office of State Budget and Management	13,505,238	13,404,735
25	OSBM – Reserve for Special Appropriations	35,300,000	15,300,000
26			
27	Housing Finance Agency	70,660,000	60,660,000
28			
29	Office of State Human Resource	13,247,160	15,358,377
30			
31	Department of Insurance		
32	Insurance	109,006,753	84,282,862
33	Insurance – Industrial Commission	16,099,148	14,739,941
34			
35	Office of Lieutenant Governor	1,417,641	1,405,203
36			
37	Department of Military and Veterans Affairs	10,522,771	10,436,405
38			
39	Department of Revenue	135,835,446	135,281,182
40			
41	Department of Secretary of State	21,063,124	20,875,289
42			
43	Department of State Treasurer		
44	Treasurer	622,074	209,074
45	Treasurer – Retirement System	24,044,657	24,044,657
46			
47	Information Technology	95,908,367	97,150,367
48			
49	<b>RESERVES, DEBT, AND OTHER BUDGETS</b>		
50	Statewide Reserves	0	0
51			

1	<b>Total Net Appropriation</b>	<b>33,649,107,021</b>	<b>34,349,758,014</b>
2			
3	<b>SECTION 2.1.(b)</b> For purposes of this act, the requirements set forth in this section		
4	represent the total amount of funds, including agency receipts, appropriated to an agency,		
5	department, or institution.		
6			
7	<b>GENERAL FUND AVAILABILITY</b>		
8	<b>SECTION 2.2.(a)</b> The General Fund availability derived from State tax revenue,		
9	nontax revenue, and other adjustments used in developing the budget for each year of the		
10	2025-2027 fiscal biennium is as follows:		
11			
12		<b>FY 2025-2026</b>	<b>FY 2026-2027</b>
13			
14	<b>Unappropriated Balance from Prior Fiscal Year</b>	<b>48,073,341</b>	<b>364,074,833</b>
15	Projected Over Collections FY 2024-25	543,900,000	-
16	Anticipated Reversions FY 2024-25	300,000,000	-
17	<b>Total, Current Beginning Unreserved Balance</b>	<b>891,973,341</b>	<b>364,074,833</b>
18			
19	<b>Statutorily Required Reservations of Revenue</b>		
20	State Capital and Infrastructure Fund	(1,120,000,000)	(1,159,200,000)
21	Unfunded Liability Solvency Reserve	(38,514,750)	(117,406,800)
22	<b>Subtotal</b>	<b>(1,158,514,750)</b>	<b>(1,276,606,800)</b>
23			
24	<b>Investments to Reserves</b>		
25	State Emergency Response and Disaster Relief Fund	500,000,000	0
26	<b>Subtotal, Investments to Reserves</b>	<b>(500,000,000)</b>	<b>0</b>
27			
28	<b>Tax Revenues</b>		
29	Individual Income	16,980,000,000	16,114,000,000
30	Sales and Use	11,582,500,000	11,895,200,000
31	Corporate Income	1,483,600,000	1,340,100,000
32	Franchise	785,800,000	809,700,000
33	Insurance	1,503,300,000	1,415,600,000
34	Alcoholic Beverage	560,000,000	572,700,000
35	Tobacco Products	245,400,000	240,900,000
36	Other Tax Revenue	248,200,000	268,900,000
37	<b>Subtotal, Tax Revenues</b>	<b>33,388,800,000</b>	<b>32,657,100,000</b>
38			
39	<b>Non-tax Revenues</b>		
40	Judicial Fees	207,400,000	204,600,000
41	Investment Income	681,900,000	594,100,000
42	Disproportionate Share	107,700,000	109,000,000
43	Master Settlement Agreement	105,100,000	102,000,000
44	Insurance	124,000,000	126,900,000
45	Other Non-tax Revenues	274,800,000	273,400,000
46	<b>Subtotal, Non-tax Revenue</b>	<b>1,500,900,000</b>	<b>1,410,000,000</b>
47			
48	<b>Total, Net Revenues</b>	<b>34,889,700,000</b>	<b>34,067,100,000</b>
49			
50	<b>Adjustments to Revenues:</b>		
51	Maintain Individual Income Tax at 4.25%	386,300,000	1,801,800,000

1	Maintain Lowest Corporate Tax Rate at 2.25%	68,400,000	166,200,000
2	Working Families Tax Credit – 20% of federal		
3	Earned Income Tax Credit	(426,800,000)	(425,800,000)
4	Child and Dependent Care Tax Credit	(59,000,000)	(60,300,000)
5	Child Deduction to Refundable Child Tax Credit	(23,000,000)	(23,000,000)
6	Sales Tax Back-to-School Holiday	(29,000,000)	(30,000,000)
7	PHP Gross Tax Revenue Offset	(78,035,000)	(75,623,000)
8	<b>Subtotal, Adjustments to Tax Revenue</b>	<b>(161,135,000)</b>	<b>1,353,277,000</b>
9			
10	<b>Adjustments to Availability</b>		
11	Insurance Non-Tax Transfer	<b>51,158,263</b>	<b>25,646,165</b>
12			
13	<b>Revised Total Net General Fund Availability</b>	<b>34,013,181,854</b>	<b>34,533,491,198</b>
14			
15	<b>Less General Fund Net Appropriations</b>	(33,649,107,021)	(34,349,758,014)
16			
17	<b>Unappropriated Balance Remaining</b>	<b>364,074,833</b>	<b>183,733,184</b>

18  
19         **SECTION 2.2.(b)** IT Reserve – The State Controller shall transfer the sum of one  
20 hundred seventeen million eight hundred ninety-five thousand five hundred ninety dollars  
21 (\$117,895,590) from the unreserved fund balance in the Information Technology Project Reserve  
22 to the Office of State Budget and Management. Funds appropriated from the Information  
23 Technology Project Reserve shall be allocated by the Director of the State Budget in consultation  
24 with the State Chief Information Officer and the head of the department with primary ownership  
25 over the information technology project based on documented project needs. Funds transferred  
26 under this section are appropriated in the year in which they are transferred and shall be used for  
27 the following information technology projects:

- 28         (1) The Office of State Budget and Management’s replacement for the integrated  
29             budget information system (IBIS).
- 30         (2) The Department of Information Technology’s cybersecurity tools  
31             continuation of protection offerings, and constituent portal and citizen identity  
32             software.
- 33         (3) The Department of Adult Correction’s rounds tracking software.
- 34         (4) The Office of the State Auditor’s modernization of audit IT infrastructure.
- 35         (5) The Department of Public Instruction’s PSU school business system  
36             modernization.
- 37         (6) The Office of State Human Resources’ human capital management (HCM)  
38             vendor integration and HARP data analytics improvements (GDAC).
- 39         (7) The Department of Revenue’s DataPower end of life replacement, datacenter  
40             hardware replacement, and replacement of OFP and RCA desktop clients.
- 41         (8) The State Board of Elections’ election modernization.
- 42         (9) The State Bureau of Investigation’s headquarters data center and investigative  
43             case management system.
- 44         (10) The Office of Administrative Hearings’ database development system.
- 45         (11) The Department of Commerce’s new career information system.
- 46         (12) The Department of Environmental Quality’s completion of the permit  
47             transformation project.
- 48         (13) The Department of Health and Human Services, Division of State Operated  
49             Health Facilities’ electronic health records,
- 50         (14) The Department of Health and Human Services, Division of Health Benefits’  
51             Medicaid enterprise system and other technology.

1 (15) The Department of Justice’s legal case management system.

2  
3 **SECTION 2.2.(c)** SERDRF – The State Controller shall reserve to the State  
4 Emergency Response and Disaster Relief Reserve established in G.S. 166A-19.42 from funds  
5 available in the General Fund the sum of five hundred million dollars (\$500,000,000) in  
6 nonrecurring funds for the 2025-2026 fiscal year. The State Controller shall transfer funds  
7 available in the State Emergency Response and Disaster Relief Reserve the sum of one hundred  
8 fourteen million dollars (\$114,000,000) to the Department of Public Safety, Emergency  
9 Management Division, to be used as state matching funds to draw down remaining federal  
10 funding for storms that occurred prior to 2024. The funds are appropriated for the five-year period  
11 ending June 30, 2030.

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

- 16 (1) Five million dollars (\$5,000,000) to the Department of Agriculture and  
17 Consumer Services for Farmland Preservation Agricultural Military Buffer  
18 Conservation Easements;  
19 (2) Ten million five hundred thousand dollars (\$10,500,000) to the Department  
20 of Commerce, Office of Science, Technology, and Innovation, for the NC  
21 Coalition Strategic Support Fund to leverage federal funding and grow the  
22 semiconductor and chip industries in the state; and  
23 (3) Twenty-two million six hundred fourteen thousand one hundred dollars  
24 (\$22,614,100) to the Department for Environmental Quality for Drinking  
25 Water and Clean Water State Revolving Funds match funds.

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

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

### 34 **PART III. HIGHWAY FUND AND HIGHWAY TRUST FUND**

#### 35 **CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

36  
37 **SECTION 3.1.** Appropriations from the State Highway Fund for the maintenance  
38 and operation of the Department of Transportation and for other purposes as enumerated are  
39 made for the fiscal biennium ending June 30, 2027, according to the following schedule:  
40

41

42 <b>Current Operations – Highway Fund</b>	<b>FY 2025-2026</b>	<b>FY 2026-2027</b>
43		
44 Department of Transportation		
45 Administration	\$143,308,209	\$143,308,209
46 Division of Highways		
47 Administration	38,487,904	38,412,904
48 Construction	77,543,078	77,543,078
49 Maintenance	2,231,198,332	2,248,723,293
50 Governor’s Highway Safety Program	601,695	601,695
51 OSHA Program	358,030	358,030

1	State Aid to Municipalities	185,875,000	185,875,000
2	Intermodal Divisions		
3	Ferry	92,551,173	84,147,728
4	Public Transportation, Bicycle, and Pedestrian	70,570,554	70,570,554
5	Aviation	158,376,982	159,889,238
6	Rail	49,367,607	50,367,607
7	Division of Motor Vehicles	173,788,575	166,853,269
8	Compensation, Benefits,		
9	Reserves, Transfers, and Other	76,660,123	69,756,123
10	Capital Improvements	6,712,738	47,793,272
11	<b>Total Highway Fund Appropriations</b>	<b>3,305,400,000</b>	<b>3,344,200,000</b>

12  
13 **HIGHWAY FUND AVAILABILITY**

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

16			
17	<b>Highway Fund Availability</b>	<b>FY 2025-2026</b>	<b>FY 2026-2027</b>
18	Motor Fuels Tax	\$1,853,000,000	\$1,878,100,000
19	Highway Short Term Lease	113,100,000	114,900,000
20	Licenses and Fees	1,104,500,000	1,123,300,000
21	Investment Income	50,200,000	37,600,000
22	Aviation Fuel Tax	13,100,000	13,400,000
23	Sales Tax	171,500,000	176,900,000
24	<b>Total Highway Fund Availability</b>	<b>\$3,305,400,000</b>	<b>\$3,344,200,000</b>

25  
26 **HIGHWAY TRUST FUND APPROPRIATIONS**

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

31			
32	<b>Current Operations – Highway Trust Fund</b>	<b>FY 2025-2026</b>	<b>FY 2026-2027</b>
33			
34	Program Administration	\$44,621,733	\$44,621,733
35	Bonds	121,440,275	121,436,275
36	Turnpike Authority	49,000,000	49,000,000
37	State Ports Authority	45,000,000	45,000,000
38	FHWA State Match	6,048,440	6,048,440
39	Strategic Prioritization Funding Plan for		
40	Transportation Investments	2,222,253,974	2,280,386,974
41	Transfer to Visitor Center	640,000	640,000
42	Transfer to Department of Revenue	0	371,000
43	Uncommitted Trust Fund	495,578	495,578
44	<b>Total Highway Trust Fund Appropriations</b>	<b>\$2,489,500,000</b>	<b>\$2,548,000,000</b>

45  
46 **HIGHWAY TRUST FUND AVAILABILITY**

47         **SECTION 3.4.** The Highway Trust Fund availability used in developing the  
48 2025-2027 fiscal biennial budget is shown below:

49			
50	<b>Highway Trust Fund Availability</b>	<b>FY 2025-2026</b>	<b>FY 2026-2027</b>

1	Highway Use Tax	\$1,150,500,000	\$1,179,800,000
2	Motor Fuels Tax	619,500,000	627,900,000
3	Fees	172,100,000	172,500,000
4	Sales Tax	514,400,000	530,600,000
5	Investment Income	33,000,000	37,200,000
6	<b>Total Highway Trust Fund Availability</b>	<b>\$2,489,500,000</b>	<b>\$2,548,000,000</b>

7  
8 **PART IV. OTHER AVAILABILITY AND APPROPRIATIONS**

9  
10 **CASH BALANCES AND OTHER APPROPRIATIONS**

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

14 (1) For all budget codes listed in the Governor's Recommended Budget for the  
15 2025-2027 fiscal biennium, dated March 2025, and in the Budget Support  
16 Document, fund balances and receipts are appropriated up to the amounts  
17 specified, as adjusted by the General Assembly, for the 2025-2026 fiscal year  
18 and the 2026-2027 fiscal year. Funds may be expended only for the programs,  
19 purposes, objects, and line items or as otherwise authorized by the General  
20 Assembly. Expansion budget funds listed in those documents are appropriated  
21 only as otherwise provided in this act.

22 (2) Notwithstanding the provisions of subdivision (1) of this subsection:

23 a. Any receipts that are required to be used to pay debt service  
24 requirements for various outstanding bond issues and certificates of  
25 participation are appropriated up to the actual amounts received for the  
26 2025-2026 fiscal year and the 2026-2027 fiscal year and shall be used  
27 only to pay debt service requirements.

28 b. Other funds, cash balances, and receipts of funds that meet the  
29 definition issued by the Governmental Accounting Standards Board of  
30 a trust or agency fund are appropriated for and in the amounts required  
31 to meet the legal requirements of the trust agreement for the 2025-  
32 2026 fiscal year and the 2026-2027 fiscal year.

33 **SECTION 4.1.(b)** Receipts collected in a fiscal year in excess of the amounts  
34 appropriated by this section shall remain unexpended and unencumbered until appropriated by  
35 the General Assembly, unless the expenditure of over-realized receipts in the fiscal year in which  
36 the receipts were collected is authorized by the State Budget Act. Over-realized receipts are  
37 appropriated in the amounts necessary to implement this subsection.

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

42  
43 **EDUCATION LOTTERY AND OTHER WAGERING FUNDS/CHANGES TO**  
44 **REVENUE ALLOCATIONS**

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

49  
50 **FY 2025-2026** **FY 2026-2027**



1	Noninstructional Support Personnel	\$385,914,455	\$385,914,455
2	Prekindergarten Program	105,002,110	111,402,110
3	NC Pre-K Wrap-Around Summer Child Care	10,000,000	10,000,000
4	Universal School Breakfast	85,300,000	85,300,000
5	1-1 Device Refresh	68,250,000	68,250,000
6	Public School Building Capital Fund	100,000,000	100,000,000
7	Needs-Based Public School Capital Fund	258,252,612	258,252,612
8	Public School Repairs and Renovations	50,000,000	50,000,000
9	Scholarship Reserve Fund for Public Colleges and Universities	41,194,733	41,194,733
10	LEA Transportation	21,386,090	21,386,090
11	<b>TOTAL APPROPRIATION</b>	<b>\$1,125,300,000</b>	<b>\$1,131,700,000</b>

12  
13 **INDIAN GAMING EDUCATION REVENUE FUND APPROPRIATION**

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

18		<b>FY 2025-2026</b>	<b>FY 2026-2027</b>
19			
20			
21	Textbooks and Digital Resources Allotment	\$22,700,000	\$13,700,000
22	Classroom Materials	1,000,000	1,000,000
23	<b>TOTAL APPROPRIATION</b>	<b>\$23,700,000</b>	<b>\$14,700,000</b>

24  
25 **CIVIL PENALTY AND FORFEITURE FUND**

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

28		<b>FY 2025-2026</b>	<b>FY 2026-2027</b>
29			
30			
31	School Technology Fund	\$18,000,000	\$18,000,000
32	Drivers Education	31,493,768	31,493,768
33	State Public School Fund	166,041,640	166,041,640
34	1-1 Device Refresh	11,300,000	11,300,000
35	<b>TOTAL APPROPRIATION</b>	<b>\$226,835,408</b>	<b>\$226,835,408</b>

36  
37 **PART V. GENERAL PROVISIONS**

38  
39 **ESTABLISHING OR INCREASING FEES**

40 **SECTION 5.1.(a)** Notwithstanding G.S. 123.1, an agency is not required to consult  
41 with the Joint Legislative Commission on Governmental Operations prior to establishing or  
42 increasing a fee to the level authorized or anticipated in this act.

43 **SECTION 5.1.(b)** Notwithstanding G.S. 150B-21.1A(a), an agency may adopt an  
44 emergency rule in accordance with G.S. 150B-21.1A to establish or increase a fee as authorized  
45 by this act if the adoption of a rule would otherwise be required under Article 2A of Chapter  
46 150B of the General Statutes.

47  
48 **CAP STATE FUNDED PORTION OF NONPROFIT SALARIES**

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

1  
2 **PART VI. COMMUNITY COLLEGE SYSTEM**

3  
4 **PROPEL NC FUNDING MODEL ADJUSTMENT**

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

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

14  
15 **PROPEL NC ENROLLMENT GROWTH RESERVE**

16 **SECTION 6.2.** G.S. 115D-31 reads as rewritten:

17 **"§ 115D-31. State financial support of institutions.**

18 ...

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

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

34  
35 **AUTHORIZE USE OF MOTORCYCLE SAFETY EDUCATION PROGRAM FUNDS**  
36 **FOR A CAPITAL PROJECT**

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

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

44  
45 **INCREASE CUSTOMIZED TRAINING SUPPORT FOR REGIONAL COMMUNITY**  
46 **COLLEGE PERSONNEL**

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

48 **"§ 115D-5.1. Workforce Development Programs.**

49 ...

50 (f3) Of the funds appropriated in a fiscal year for the Customized Training Programs, the  
51 State Board of Community Colleges may approve the use of up to ~~eight percent (8%)~~ fifteen

1 percent (15%) for the training and support of regional community college personnel to deliver  
2 Customized Training Program services to business and industry.

3 ..."

#### 5 **ADD SUCCESS RATE OF SCIENCE COURSES TO PERFORMANCE MEASURES**

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

##### 7 **"§ 115D-31.3. Institutional performance accountability.**

8 ...

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

- 11 (1) Progress of basic skills students.
- 12 (2) Repealed by Session Laws 2016-94, s. 10.1, effective July 1, 2016.
- 13 (3) Performance of students who transfer to a four-year institution.
- 14 (3a) Success rate of students in credit-bearing English courses.
- 15 (3b) Success rate of students in credit-bearing Math ~~courses~~ or Science courses.
- 16 (4), (5) Repealed by Session Laws 2016-94, s. 10.1, effective July 1, 2016.
- 17 (5a) Progress of first-year curriculum students.
- 18 (6) Repealed by Session Laws 2012-142, s. 8.5, effective July 1, 2012.
- 19 (7) Curriculum student retention and graduation.
- 20 (8) Repealed by Session Laws 2012-142, s. 8.5, effective July 1, 2012.
- 21 (9) Attainment of licensure and certifications by students.

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

23 ..."

#### 25 **PERMIT SYSTEM OFFICE TO RETAIN ADMINISTRATIVE COSTS FROM NC 26 CAREER COACH PROGRAM**

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

##### 28 **"§ 115D-21.5. NC Career Coach Program.**

29 ...

30 (e) Administrative Costs. – In alignment with the goals, objectives, and requirements of  
31 the North Carolina Career Coach Program, the Community College System Office may allocate  
32 up to 4% of the program's annual appropriation for administrative costs. Such administrative  
33 costs may include professional development, program management, and evaluation. These funds  
34 shall be utilized to enhance the effectiveness and sustainability of the program, ensuring its  
35 continued support for students within the community college system."

#### 37 **FREE COMMUNITY COLLEGE TUITION FOR HIGH DEMAND SKILLS TRAINING**

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

##### 39 **"§ 115D-5.1A. Short-Term Workforce Development Grant Program.**

- 40 (a) Program Established. – There is established the North Carolina Community College  
41 Short-Term Workforce Development Grant Program (Program) to be administered by  
42 the State Board of Community Colleges. The State Board shall adopt rules for the  
43 disbursement of the grants pursuant to this section.
- 44 (b) Programs of Study. – The State Board of Community Colleges, in collaboration with  
45 the Department of Commerce, shall determine the eligible programs of study for the  
46 Program, according to the occupations that are in the highest demand in the State. The  
47 eligible programs of study shall include programs such as architecture and construction,  
48 health sciences, information technology, electrical line worker, and manufacturing  
49 programs and may include other programs to meet local workforce needs.
- 50 (c) Award Amounts. – To the extent funds are made available for the Program, the State  
51 Board of Community Colleges shall award grants in an amount of up to seven hundred

1 fifty dollars (\$750.00) to students pursuing short-term, noncredit State and industry  
2 workforce credentials. The State Board of Community Colleges shall establish criteria  
3 for initial and continuing eligibility for students. The criteria shall include a requirement  
4 that eligible students be a resident of North Carolina pursuant to G.S. 116-143.1(a)(1).  
5 ~~At a minimum, students shall be required to qualify as a resident for tuition purposes~~  
6 ~~under the criteria set forth in G.S. 116-143.1 and in accordance with the coordinated~~  
7 ~~and centralized residency determination process administered by the State Education~~  
8 ~~Assistance Authority.~~

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

## 15 16 **PART VII. PUBLIC INSTRUCTION**

### 17 18 **PILOT PROGRAM TO LIMIT STUDENT CELL PHONE USE IN SCHOOLS**

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

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

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

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

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

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

45 **SECTION 7.1.(e)** Evaluation and Reporting. – Of the funds appropriated by this act,  
46 the State Board of Education may use up to one hundred thousand dollars (\$100,000) to contract  
47 with an independent research organization to evaluate the impact of this grant program. The  
48 independent research organization shall report the results of this evaluation to the Joint  
49 Legislative Education Oversight Committee, the Fiscal Research Division of the General  
50 Assembly, and the Office of State Budget and Management by September 1, 2027. The

1 Department of Public Instruction shall report annually to the same entities listed above on the  
2 implementation of this grant program beginning on March 1, 2026.

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

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

## 7 8 **ELIMINATE THE CAP FOR FUNDS FOR CHILDREN WITH DISABILITIES**

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

### 10 **"§ 115C-111.05. Funding for children with disabilities.**

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

## 18 19 **SCHOOL SAFETY ALLOTMENT FOR MIDDLE AND ELEMENTARY SCHOOLS**

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

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

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

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

35 **SECTION 7.3.(e) Training.** – The Center for Safer Schools and the Department of  
36 Public Instruction shall work with the NC Criminal Justice Education and Training Standards  
37 Commission to establish initial training and continuing education standards for SROs. Those  
38 standards shall include pre-service training and modules on the social and cognitive development  
39 of elementary school and middle school children, behavioral health, and trauma-informed  
40 practices in schools. All SROs must receive training through a community college, a local law  
41 enforcement agency, or the North Carolina Justice Academy prior to placement in a school."

## 42 43 **EXPAND LITERACY PROFESSIONAL DEVELOPMENT AND SUPPORT TO** 44 **GRADES 6-8**

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

### 46 **"§ 115C-83.6A. Approval of literacy intervention plans.**

47 (a) Each local school administrative unit shall submit to the Department of Public Instruction  
48 a plan for the literacy ~~interventions-interventions for kindergarten through eighth grade~~ it will  
49 offer, including reading camps, in the following school year no later than October 1. The plan  
50 shall include information about the local school administrative unit's efforts to staff reading  
51 camps with the most qualified teachers possible, including the unit's efforts to attract teachers

1 associated with high growth in reading based on EVAAS data and teachers who have earned a  
2 reading bonus. The plan shall incorporate any feedback received from the Department on the  
3 previous year's plan. As part of their plans, local school administrative units are encouraged to  
4 partner with other local school administrative units and with community organizations to enhance  
5 literacy interventions."

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

10  
11 **EXPAND USE OF DIAGNOSTIC READING ASSESSMENTS TO GRADES 4-5**

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

13 **"§ 115C-83.3. Definitions.**

14 The following definitions apply in this Part:

15 (1) "Accelerated reading class" means a class where focused literacy interventions are  
16 provided to increase a student's reading level at least two grades in one school  
17 year.

18 (2) "Alternative assessment" means a valid and reliable standardized assessment of  
19 reading comprehension, approved by the State Board of Education, that is not  
20 the same test as the State-approved standardized test of reading  
21 comprehension administered to third grade students. The State Board of  
22 Education shall provide the valid and reliable alternative assessment to ~~local~~  
23 ~~school administrative units-public school units~~ upon request and establish  
24 achievement level ranges for the approved alternative assessment. The State  
25 Board of Education shall annually review the alternative assessment to ensure  
26 ongoing relevance, validity, and reliability."

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

28 **"§ 115C-83.6. Facilitating early grade reading proficiency.**

29 (a) Kindergarten, ~~first, second, and third-~~ through fifth grade students shall be assessed with  
30 valid, reliable, formative, and diagnostic reading assessments made available to ~~local school~~  
31 ~~administrative units-public school units~~ by the State Board of Education pursuant to G.S. 115C-  
32 174.11(a). Difficulty with reading development identified through administration of formative  
33 and diagnostic assessments shall be addressed with literacy interventions outlined in the student's  
34 Individual Reading Plan. Parents or guardians of first and second grade students offered a reading  
35 camp as a literacy intervention shall be encouraged to enroll their student in the reading camp  
36 provided by the local school administrative unit. Parents or guardians of a student identified as  
37 demonstrating reading comprehension below grade level shall make the final decision regarding  
38 a student's reading camp attendance.

39 ...

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

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

46 **"§ 115C-83.6B. Individual Reading Plans.**

47 (a) An Individual Reading Plan (IRP) shall be developed for any student in kindergarten  
48 through ~~third-eighth~~ grade demonstrating difficulty with reading development based on the  
49 results of ~~either (i) the first diagnostic or formative assessment of the school year-or (ii) the first~~  
50 ~~diagnostic or formative assessment of the second semester of the school year~~. The IRP shall be  
51 continually adjusted based on multiple data sources as prescribed by the Department of Public

1 Instruction, indicating that the student is not progressing toward grade-level standards in one or  
2 more major reading areas. Based on the most recently collected data, the IRP shall include the  
3 following information, specific to the identified student:

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

## 12 **SCHOOL PERFORMANCE GRADE REDESIGN**

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

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

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

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

32 **SECTION 7.6.(e)** Department Reporting. – The Department shall report to the Joint  
33 Legislative Oversight Committee and the Office of State Budget and Management by November  
34 1, 2026, on the status and progress of the Program. A copy of the report shall be distributed to all  
35 local superintendents and principals in public school units participating in the Program. The  
36 report shall include at least the following:

- 37 (1) Any difficulties in collecting data or information required by the Program.
- 38 (2) Any recommended changes to the Program.
- 39 (3) Any other information the Department deems relevant to the performance of the  
40 Program.
- 41 (4) Any other information requested by the committee.

42 **SECTION 7.6.(f)** Statewide Expansion of the Program. – Beginning with the 2027-  
43 28 school year, the Program shall be expanded to all K-12 schools in the State that receive public  
44 funds. All participating schools shall provide the information required by the Program.

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

48 **SECTION 7.6.(h)** Final Department Reporting. – The Department shall submit a  
49 final report to the Joint Legislative Oversight Committee by June 30, 2027, on the outcomes of  
50

1 the Program. A copy of the report shall be distributed to local superintendents and principals in  
2 all participating schools. The report shall include at least the following:

- 3 (1) Any continued difficulties in collecting data or information required by the  
4 Program.
- 5 (2) Any recommended changes to the criteria developed by the Program.
- 6 (3) Any other information the Department deems relevant to the performance of the  
7 Program.
- 8 (4) The model and scale that the Department would use to assign school performance  
9 grades from the criteria developed for the Program.
- 10 (5) Any recommended legislation for implementing the Program permanently to  
11 replace the existing school performance grade system.
- 12 (6) Any other information requested by the committee.

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

18  
19 **PART VIIA. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES**

20  
21 **TEACHER SALARY SCHEDULE**

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

25 **2025-2026 Teacher Monthly Salary Schedule**

26 <b>Years of Experience</b>	<b>"A" Teachers</b>
27 0	4,450
28 1	4,530
29 2	4,610
30 3	4,690
31 4	4,770
32 5	4,850
33 6	4,930
34 7	5,010
35 8	5,090
36 9	5,170
37 10	5,250
38 11	5,330
39 12	5,410
40 13	5,490
41 14	5,570
42 15-24	5,588
43 25+	5,795

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

47 **2026-2027 Teacher Monthly Salary Schedule**

48 <b>Years of Experience</b>	<b>"A" Teachers</b>
49 0	5,120
50 1	5,160
51 2	5,200



1	3	5,240
2	4	5,280
3	5	5,320
4	6	5,360
5	7	5,400
6	8	5,440
7	9	5,480
8	10	5,520
9	11	5,560
10	12	5,600
11	13	5,640
12	14	5,680
13	15-24	5,720
14	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.

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

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

- 7           (1) The applicable amount on the salary schedule for the applicable school year.
- 8           (2) For teachers who were eligible for longevity for the 2013-2014 school year,  
9 the sum of the following:
  - 10           a. The salary the teacher received in the 2013-2014 school year pursuant  
11 to Section 35.11 of S.L. 2013-360.
  - 12           b. The longevity that the teacher would have received under the longevity  
13 system in effect for the 2013-2014 school year provided in Section  
14 35.11 of S.L. 2013-360 based on the teacher's current years of service.
  - 15           c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.
- 16           (3) For teachers who were not eligible for longevity for the 2013-2014 school  
17 year, the sum of the salary and annual bonus the teacher received in the  
18 2014-2015 school year pursuant to Section 9.1 of S.L. 2014-100.

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

## 21 **RESTORE MASTER'S PAY**

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

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

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

### 26 **"§ 115C-302.10. Qualifications for certain education-based salary supplements.**

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

- 30           (1) Certified school nurses and instructional support personnel in positions for  
31 which a master's degree is required for licensure.
- 32           (2) Teachers and instructional support personnel who were paid on the "M" salary  
33 schedule or received that salary supplement prior to the 2014-15 school year.
- 34           (3) Teachers and instructional support personnel who (i) complete a degree at the  
35 master's, six-year, or doctoral degree level for which they completed at least  
36 one course prior to August 1, 2013, and (ii) would have qualified for the salary  
37 supplement pursuant to State Board of Education policy, TCPA006, as it was  
38 in effect on June 30, 2013.

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

- 41           a. For teachers, in classroom instruction related to their graduate  
42 academic preparation in their field or subject area within their area of  
43 licensure. Most of the teachers' remaining time shall be spent in one or  
44 more of the following:
  - 45           1. Mentoring teachers.
  - 46           2. Performing demonstration lessons for teachers.
  - 47           3. Writing curricula.
  - 48           4. Developing and leading staff development programs for  
49 teachers

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

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

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

13  
14                   **CONSOLIDATED TEACHER BONUS PROGRAM**

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

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

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

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

30                   1. A qualifying public school unit.

31                   2. The North Carolina Virtual Public School program.

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

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

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

38                   b. Taught one or more students who attained approved industry  
39 certifications or credentials consistent with G.S. 115C-156.2.

40                   (3) Eligible growth teacher. – A teacher who meets at least one of the following  
41 criteria:

42                   a. Is employed by, or retired having last held a position at, a qualifying  
43 public school unit and meets one of the following criteria:

44                   1. Is in the top twenty-five percent (25%) of teachers in the State  
45 according to the EVAAS student growth index score for third  
46 grade reading from the previous school year.

47                   2. Is in the top twenty-five percent (25%) of teachers in the State  
48 according to the EVAAS student growth index score for fourth  
49 or fifth grade reading from the previous school year.

50                   3. Is in the top twenty-five percent (25%) of teachers in the State  
51 according to the EVAAS student growth index score for fourth,

- 1 fifth, sixth, seventh, or eighth grade mathematics from the  
 2 previous school year.
- 3 b. Is employed by, or retired having last held a position at, a local school  
 4 administrative unit and meets one of the following criteria:
- 5 1. Is in the top twenty-five percent (25%) of teachers in the  
 6 teacher's respective local school administrative unit according  
 7 to the EVAAS student growth index score for third grade  
 8 reading from the previous school year.
- 9 2. Is in the top twenty-five percent (25%) of teachers in the  
 10 teacher's respective local school administrative unit according  
 11 to the EVAAS student growth index score for fourth or fifth  
 12 grade reading from the previous school year.
- 13 3. Is in the top twenty-five percent (25%) of teachers in the  
 14 teacher's respective local school administrative unit according  
 15 to the EVAAS student growth index score for fourth, fifth,  
 16 sixth, seventh, or eighth grade mathematics from the previous  
 17 school year.
- 18 c. Was employed by a local school administrative unit that employed in  
 19 the previous school year three or fewer total teachers in that teacher's  
 20 grade level as long as the teacher has an EVAAS student growth index  
 21 score from the previous school year of exceeded expected growth in  
 22 one of the following subject areas:
- 23 1. Third grade reading.  
 24 2. Fourth or fifth grade reading.  
 25 3. Fourth, fifth, sixth, seventh, or eighth grade mathematics.
- 26 (4) EVAAS. – The Education Value-Added Assessment System.
- 27 (5) Qualifying public school unit. – Any of the following:
- 28 a. A local school administrative unit.  
 29 b. A charter school.  
 30 c. A regional school.  
 31 d. A school providing elementary or secondary instruction operated by  
 32 The University of North Carolina under Article 29A of Chapter 116 of  
 33 the General Statutes.
- 34 (6) Qualifying teacher. – An eligible teacher who meets one of the following  
 35 criteria:
- 36 a. Remains employed teaching in the same qualifying public school unit,  
 37 or, if an eligible advanced course teacher is only employed by the  
 38 North Carolina Virtual Public School program, remains employed  
 39 teaching in that program, at least from the school year the data is  
 40 collected until January 1 of the corresponding school year that the  
 41 bonus is paid.
- 42 b. Retired, between the last day of the school year in which the data is  
 43 collected and January 1 of the corresponding school year in which the  
 44 bonus is paid, after attaining one of the following:
- 45 1. The age of at least 65 with five years of creditable service.  
 46 2. The age of at least 60 with 25 years of creditable service.  
 47 3. Thirty years of creditable service.

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

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

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

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

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

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

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

- 33 (1) The sum of five million dollars (\$5,000,000) shall be allocated for bonuses to  
34 eligible teachers under sub-sub-subdivision a.1. of subdivision (3) of  
35 subsection (b) of this section. These funds shall be distributed equally among  
36 qualifying teachers.
- 37 (2) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to  
38 each qualifying teacher who is an eligible teacher under sub-sub-subdivision  
39 a.2. of subdivision (3) of subsection (b) of this section.
- 40 (3) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to  
41 each qualifying teacher who is an eligible teacher under sub-sub-subdivision  
42 a.3. of subdivision (3) of subsection (b) of this section.

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

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

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

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

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

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

13 (2) A qualifying teacher who is an eligible teacher under sub-sub-subdivision a.1.,  
14 b.1., or c.1. of subdivision (3) of subsection (b) of this section may receive a  
15 bonus under both subdivision (1) of subsection (f) and subdivision (1) of  
16 subsection (g) of this section but shall not receive more than seven thousand  
17 dollars (\$7,000) pursuant to subdivision (1) of subsection (f) and subdivision  
18 (1) of subsection (g) of this section in any given school year.

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

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

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

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

- 43 (1) Number of students enrolled and taking examinations in each of the following  
44 categories of courses:
- 45 a. Advanced Placement.
  - 46 b. International Baccalaureate Diploma Programme.
  - 47 c. Cambridge AICE program.
  - 48 d. Courses needed for the attainment of an industry certification or  
49 credential.

- 1 (2) Number of students receiving outcomes on examinations resulting in the  
2 award of a bonus for a teacher in each category of courses identified in sub-  
3 subdivision a. of subdivision (1) of this subsection.
- 4 (3) Number of teachers receiving a bonus in each category of courses identified  
5 in sub-subdivision a. of subdivision (1) of this subsection.
- 6 (4) The amounts awarded to teachers for each category of courses identified in  
7 sub-subdivision a. of subdivision (1) of this subsection.
- 8 (5) The type of industry certifications and credentials earned by the students, the  
9 value ranking for each certification and credential, the number of bonuses  
10 earned for each certification or credential, and the total bonus amount awarded  
11 for each certification or credential.
- 12 (6) Average bonus amount awarded to each qualifying teacher who is an eligible  
13 teacher under sub-sub-subdivision a.1., b.1., or c.1. of subdivision (3) of  
14 subsection (b) of this section.
- 15 (7) The percentage of teachers who received a bonus pursuant to this section and  
16 were eligible to receive a bonus for teaching in the same grade level or course  
17 in January 2024 or January 2025, or both, where applicable, pursuant to one  
18 of the following programs:
  - 19 a. The Advanced Course and CTE Bonus Program provided in Section  
20 7A.4 of S.L. 2021-180.
  - 21 b. The Growth-Based Teacher Bonus Program provided in Section 7A.2  
22 of S.L. of 2022-74.
- 23 (8) The percentage of teachers who received a bonus pursuant to this section and  
24 received a bonus for teaching in the same grade level or course in either  
25 January 2024 or January 2025 pursuant to one of the programs listed in  
26 subdivision (7) of this subsection.
- 27 (9) The percentage of teachers who received a bonus pursuant to this section and  
28 received a bonus for teaching in the same grade level or course in January  
29 2024 or January 2025, or both, where applicable, pursuant to one of the  
30 programs listed subdivision (7) of this subsection.
- 31 (10) The statistical relationship between a teacher receiving a bonus in January  
32 2024 or 2025 pursuant to this section and receiving a bonus pursuant to a  
33 predecessor bonus program. For purposes of this subdivision, the following  
34 are predecessor programs:
  - 35 a. Bonuses awarded pursuant to Section 7A.4(c) of S.L. 2021-180 are  
36 predecessors to bonuses awarded pursuant to subsection (c) of this  
37 section.
  - 38 b. Bonuses awarded pursuant to Section 7A.4(d) of S.L. 2021-180 are  
39 predecessors to bonuses awarded pursuant to subsection (d) of this  
40 section.
  - 41 c. Bonuses awarded pursuant to subdivision (1) of subsection (c) and  
42 subdivision (1) of subsection (d) of Section 7A.2 of S.L. 2022-74 are  
43 predecessors to bonuses awarded pursuant to subdivision (1) of  
44 subsection (f) and subdivision (1) of subsection (g) of this section.
  - 45 d. Bonuses awarded pursuant to subdivision (2) of subsection (c) and  
46 subdivision (2) of subsection (d) of Section 7A.2 of S.L. 2022-74 are  
47 predecessors to bonuses awarded pursuant to subdivision (2) of  
48 subsection (f) and subdivision (2) of subsection (g) of this section.
  - 49 e. Bonuses awarded pursuant to subdivision (c)(3) and subdivision (d)(3)  
50 of Section 7A.2 of S.L. 2022-74 are predecessors to bonuses awarded

1                                   pursuant to subdivision (3) of subsection (f) and subdivision (3) of  
2                                   subsection (g) of this section.

- 3                   (11)   The distribution of statewide and local growth bonuses awarded pursuant to  
4                   this section as among qualifying public school units and, where applicable,  
5                   schools within those units.  
6

7   **SUPPLEMENTAL FUNDS FOR TEACHER COMPENSATION**

8                   **SECTION 7A.4.(a)** Use of Funds. – For each year of the 2025-2027 fiscal biennium,  
9                   except as provided in subsection (f1) of this section, the State Board of Education shall allocate  
10                  funds pursuant to this section to eligible local school administrative units to provide salary  
11                  supplements to teachers and qualifying school administrators in those units. Allocation of salary  
12                  supplements among teachers and qualifying school administrators within each eligible local  
13                  school administrative unit, including whether a teacher or qualifying school administrator  
14                  receives a salary supplement and the amount of the supplement provided to that person, shall be  
15                  determined in the discretion of the local board of education of the eligible unit, except that no  
16                  individual salary supplement shall exceed the per teacher funding amount awarded to that unit  
17                  pursuant to subdivision (4) of subsection (c) of this section.

18                  **SECTION 7A.4.(b)** Definitions. – As used in this section, the following definitions  
19                  shall apply:

- 20                  (1)   Adjusted market value of taxable real property. – A county's assessed taxable  
21                  real property value, using the latest available data published by the  
22                  Department of Revenue, divided by the county's sales assessment ratio  
23                  determined under G.S. 105-289(h).  
24                  (2)   Composite value. – For each eligible county, the sum of the following:  
25                  a.    The taxable real property factor multiplied by sixty-five percent  
26                  (65%).  
27                  b.    The median household income factor multiplied by twenty-five  
28                  percent (25%).  
29                  c.    The effective tax rate factor multiplied by ten percent (10%).  
30                  (3)   County allocation factor. – For each eligible county, the supplement factor for  
31                  that county divided by the sum of all supplement factors for the State.  
32                  (4)   Effective tax rate. – The actual county tax rate multiplied by the most recent  
33                  annual sales assessment ratio for that county.  
34                  (5)   Effective tax rate factor. – For each eligible county, the effective tax rate for  
35                  that county divided by the median effective tax rate in the State.  
36                  (6)   Eligible county. – A county that has an adjusted market value of taxable real  
37                  property of less than fifty billion nine hundred million dollars  
38                  (\$50,900,000,000).  
39                  (7)   Eligible local school administrative unit. – A local school administrative unit  
40                  located in whole or in part in an eligible county.  
41                  (8)   Eligible school. – A public school that is located in an eligible county and  
42                  governed by a local school administrative unit.  
43                  (9)   Maintenance of effort amount. – For each local school administrative unit in  
44                  each fiscal year, the supplant factor multiplied by the total State and non-State  
45                  funds expended for salaries for teachers from the fiscal year for which the  
46                  most recent salary data are available.  
47                  (10)  Median household income. – A county's median household income for the  
48                  most recent 12 months for which data are available, as that term is used in  
49                  G.S. 143B-437.08.



- 1 (11) Median household income factor. – For each eligible county, the median  
2 household income in the State divided by the median household income for  
3 that county.
- 4 (12) Non-State funds. – Any funds held by a local school administrative unit, other  
5 than nonrecurring federal funds received as a result of legislation enacted by  
6 Congress in response to COVID19, that are not State funds.
- 7 (13) Qualifying school administrator. – Any of the following:  
8 a. Assistant principals paid pursuant to G.S. 115C-285(a)(8).  
9 b. Principals paid pursuant to G.S. 115C-285(a)(8a).
- 10 (14) Supplant factor. – For each local school administrative unit in each fiscal year  
11 of the fiscal biennium, the total non-State funds expended for salary  
12 supplements for teachers in the 2020-2021 fiscal year divided by the total  
13 State and non-State funds expended for salaries for teachers in the 2020-2021  
14 fiscal year.
- 15 (15) Supplement factor. – For each eligible county, the composite value multiplied  
16 by the number of State-funded teachers employed in a school in the county  
17 that is governed by a local school administrative unit.
- 18 (16) Taxable real property factor. – For each eligible county, the median adjusted  
19 market value of taxable real property in the State divided by the adjusted  
20 market value of taxable real property for that county.
- 21 (17) Teacher. – Teachers and instructional support personnel.

22 **SECTION 7A.4.(c)** Allocation of Funds. – The State Board of Education shall  
23 allocate funds for salary supplements to eligible local school administrative units according to  
24 the following procedure:

- 25 (1) County allocation. – For each eligible county, the State Board shall determine  
26 a county allocation by multiplying the county allocation factor for that county  
27 by the funding amount appropriated pursuant to this section for the applicable  
28 fiscal year.
- 29 (2) Per teacher funding amount. – For each eligible county, the State Board shall  
30 determine a per teacher funding amount by dividing the county allocation  
31 amounts determined pursuant to subdivision (1) of this subsection by the total  
32 number of State-funded teachers employed in all eligible schools in that  
33 county.
- 34 (3) Unit funding amount. – For each eligible local school administrative unit, the  
35 State Board shall determine the funding amount for that unit based on the per  
36 teacher funding amount or amounts for the eligible county or counties where  
37 the unit is located. For each county with an eligible school governed by the  
38 unit, the State Board shall multiply the applicable per teacher funding amount  
39 for that county determined pursuant to subdivision (2) of this subsection by  
40 the number of State-funded teachers employed in the eligible school in that  
41 county. If the unit is located in multiple eligible counties, the State Board shall  
42 aggregate those amounts.
- 43 (4) Allocation and funding cap. – The State Board shall allocate the amount  
44 determined pursuant to subdivision (3) of this subsection to each eligible local  
45 school administrative unit for each applicable fiscal year, up to a maximum of  
46 five thousand dollars (\$5,000) per State-funded teacher.

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

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

7           **SECTION 7A.4.(f)** Non-supplant Requirement. – A local school administrative unit  
8 that receives funds under this section shall use those funds to supplement non-State funds  
9 provided for salary supplements for teachers and qualifying school administrators and shall not  
10 use any State funds, including funds received under this section or Section 7A.12 of S.L. 2021-  
11 180, to supplant non-State funds provided for salary supplements for teachers and qualifying  
12 school administrators. For purposes of this section, a local school administrative unit has  
13 supplanted non-State funds if the State Board finds that the amount of non-State funds expended  
14 by the unit for salary supplements was less than ninety-five percent (95%) of the maintenance of  
15 effort amount for the local school administrative unit.

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

20           **SECTION 7A.4.(f2)** Additional Penalty for Consecutive Supplanting. – It is the  
21 intent of the General Assembly that the State Board of Education will not allocate supplemental  
22 funds for teacher compensation to a local school administrative unit in the 2025-2026 fiscal year  
23 if the State Board of Education determines that the local school administrative unit supplanted  
24 non-State funds provided for salary supplements for teachers and qualifying school  
25 administrators with State funds in the 2021-2022 fiscal year and the 2022-2023 fiscal year. For  
26 the 2021-2022 fiscal year, the State Board shall not deem a local school administrative unit to  
27 have supplanted non-State funds for purposes of this subsection if the State Board determines  
28 that the unit supplanted non-State funds solely with any State funds for which the allowable uses  
29 include salary supplements for teachers or qualifying school administrators.

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

- 34           (1) A list of all eligible counties and eligible local school administrative units.
- 35           (2) Funds allocated to each eligible local school administrative unit.
- 36           (3) The percentage and amount of teachers and qualifying school administrators  
37 in each eligible local school administrative unit receiving salary supplements.
- 38           (4) The average salary supplement amount in each eligible local school  
39 administrative unit.
- 40           (5) The range of salary supplement amounts in each eligible local school  
41 administrative unit.
- 42           (6) The effect of the salary supplements on the retention of teachers and  
43 qualifying school administrators in eligible local school administrative units.
- 44           (7) The identity of any local school administrative unit that the State Board  
45 determines has supplanted funds.

46  
47 **PRINCIPAL SALARY SCHEDULE**

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

50                           **2025-2026 Principal Annual Salary Schedule**

51           **Avg. Daily Membership                   Base                   Met Growth                   Exceeded Growth**

1	0-200	\$80,126	\$88,137	\$96,151
2	201-400	\$84,131	\$92,544	\$100,958
3	401-700	\$88,137	\$96,952	\$105,766
4	701-1,000	\$92,145	\$101,358	\$110,574
5	1,001-1,600	\$96,151	\$105,766	\$115,381
6	1,601+	\$100,156	\$110,172	\$120,188

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

9 **2026-2027 Principal Annual Salary Schedule**

10	<b>Avg. Daily Membership</b>	<b>Base</b>	<b>Met Growth</b>	<b>Exceeded Growth</b>
11	0-200	\$84,934	\$93,425	\$101,920
12	201-400	\$89,179	\$98,097	\$107,015
13	401-700	\$93,425	\$102,769	\$112,112
14	701-1,000	\$97,674	\$107,439	\$117,208
15	1,001-1,600	\$101,920	\$112,112	\$122,304
16	1,601+	\$106,165	\$116,782	\$127,399

17  
18 **SECTION 7A.5.(c)** A principal's placement on the salary schedule shall be  
19 determined according to the average daily membership of the school supervised by the principal,  
20 as described in subsection (b) of this section, and the school growth scores, calculated pursuant  
21 to G.S. 115C-83.15(c), for each school the principal supervised in at least one of the prior two  
22 school years, as described in subsection (c) of this section, regardless of a break in service, and  
23 provided the principal supervised each school as a principal for at least a majority of the school  
24 year, as follows:

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

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

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

1 membership in the 2025-2026 school year, the projected average daily  
2 membership for the school for the 2026-2027 school year shall be used between  
3 July 1, 2026 and December 31, 2026, and the average daily membership for the  
4 school shall be used between January 1, 2027 and June 30, 2027.

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

8 (1) For purposes of determining the school growth scores for each principal in the  
9 2025-2026 school year, school growth scores from the two most recent available  
10 school years, up to the 2024-2025 school year, shall be used.

11 (2) For purposes of determining the school growth scores for each principal in the  
12 2026-2027 school year, school growth scores from the two most recent available  
13 school years, up to the 2025-2026 school year, shall be used.

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

17 **SECTION 7A.5.(g)** A principal compensated in accordance with this section for the  
18 2025-2026 and 2026-27 fiscal year shall receive an amount equal to the greater of the following:

19 (1) The applicable amount determined pursuant to subsections (a) through (d) of  
20 this section.

21 (2) For principals who were eligible for longevity in the 2016-2017 fiscal year,  
22 the sum of the following:

23 a. The salary the principal received in the 2016-2017 fiscal year pursuant  
24 to Section 9.1 or Section 9.2 of S.L. 2016-94.

25 b. The longevity that the principal would have received as provided for  
26 State employees under the North Carolina Human Resources Act for  
27 the 2016-2017 fiscal year based on the principal's current years of  
28 service.

29 (3) For principals who were not eligible for longevity in the 2016-17 fiscal year,  
30 the salary the principal received in the 2016-2017 fiscal year pursuant to  
31 Section 9.1 or Section 9.2 of S.L. 2016-94

### 32 **BONUSES FOR PRINCIPALS**

33 **SECTION 7A.6.(a)** The Department of Public Instruction shall administer a bonus  
34 in the 2025-2026 fiscal year to any principal who supervised a school as a principal for a majority  
35 of the previous school year if that school was in the top fifty percent (50%) of school growth in  
36 the State during the previous school year, calculated by the State Board pursuant to G.S. 115C-  
37 83.15(c), as follows:

#### 38 **2025-2026 Principal Bonus Schedule**

39 <b>Statewide Growth Percentage</b>	40 <b>Bonus</b>
41 Top 5%	\$15,000
42 Top 10%	\$10,000
43 Top 15%	\$5,000
44 Top 20%	\$2,500
45 Top 50%	\$1,000

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

48 **SECTION 7A.6.(b)** The bonus awarded pursuant to this section shall be in addition  
49 to any regular wage or other bonus the principal receives or is scheduled to receive.

1           **SECTION 7A.6.(c)** Notwithstanding G.S. 135-1(7a), the bonuses awarded pursuant  
2 to this section are not compensation under Article 1 of Chapter 135 of the General Statutes,  
3 Retirement System for Teachers and State Employees.

4           **SECTION 7A.6.(d)** It is the intent of the General Assembly that funds provided  
5 pursuant to this section will supplement principal compensation and not supplant local funds.

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

## 8 9 **ASSISTANT PRINCIPAL SALARIES**

10           **SECTION 7A.7.(a)** For the 2025-2026 and 2026-2027 fiscal years, assistant  
11 principals shall receive a monthly salary based on the relevant salary schedule for teachers shown  
12 in Section 7A.1(a) who are classified as "A" teachers plus nineteen percent (19%). An assistant  
13 principal shall be placed on the step on the salary schedule that reflects the total number of years  
14 of experience as a certified employee of the public schools. For purposes of this section, an  
15 administrator with a one-year provisional assistant principal's certificate shall be considered  
16 equivalent to an assistant principal.

17           **SECTION 7A.7.(b)** Assistant principals with certification based on academic  
18 preparation at the six-year degree level shall be paid a salary supplement of one hundred twenty-  
19 six dollars (\$126.00) per month and at the doctoral degree level shall be paid a salary supplement  
20 of two hundred fifty-three dollars (\$253.00) per month.

21           **SECTION 7A.7.(c)** Participants in an approved full-time master's in school  
22 administration program shall receive up to a 10-month stipend during the internship period of the  
23 master's program. The stipend shall be at the beginning salary of an assistant principal or, for a  
24 teacher who becomes an intern, at least as much as that person would earn as a teacher on the  
25 teacher salary schedule. The North Carolina Principal Fellows Program or the school of education  
26 where the intern participates in a full-time master's in school administration program shall supply  
27 the Department of Public Instruction with certification of eligible fulltime interns.

28           **SECTION 7A.7.(d)** Beginning with the 2017-2018 fiscal year, in lieu of providing  
29 annual longevity payments to assistant principals on the assistant principal salary schedule, the  
30 amounts of those longevity payments are included in the monthly amounts provided to assistant  
31 principals pursuant to subsection (a) of this section.

32           **SECTION 7A.7.(e)** An assistant principal compensated in accordance with this  
33 section for the 2025-2027 fiscal biennium shall receive an amount equal to the greater of the  
34 following:

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

## 48 49 **CENTRAL OFFICE SALARIES**

50           **SECTION 7A.8.(a)** For the 2025-2026 fiscal year, beginning July 1, 2025, the  
51 annual salary for superintendents, assistant superintendents, associate superintendents,

1 directors/coordinators, supervisors, and finance officers, whose salaries are supported from State  
2 funds, shall be increased by three percent (3%).

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

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

10 **2025-2026 Fiscal Year**

	Maximum
11 School Administrator I	\$7,800
12 School Administrator II	\$8,265
13 School Administrator III	\$8,757
14 School Administrator IV	\$9,099
15 School Administrator V	\$9,463
16 School Administrator VI	\$10,023
17 School Administrator VII	\$10,424

18  
19 The local board of education shall determine the appropriate category and placement for each  
20 assistant superintendent, associate superintendent, director/coordinator, supervisor, or finance  
21 officer within the maximums and within funds appropriated by the General Assembly for central  
22 office administrators and superintendents. The category in which an employee is placed shall be  
23 included in the contract of any employee.

24 **SECTION 7A.8.(d)** The monthly salary maximums that follow apply to public  
25 school superintendents for the 2025-2026 fiscal year, beginning July 1, 2025:

26 **2025-2026 Fiscal Year**

	Maximum
27 Superintendent I	\$11,049
28 Superintendent II	\$11,707
29 Superintendent III	\$12,410
30 Superintendent IV	\$13,156
31 Superintendent V	\$13,947

32  
33 The local board of education shall determine the appropriate category and placement for the  
34 superintendent based on the average daily membership of the local school administrative unit  
35 and within funds appropriated by the General Assembly for central office administrators and  
36 superintendents.

37 **SECTION 7A.8.(e)** Longevity pay for superintendents, assistant superintendents,  
38 associate superintendents, directors/coordinators, supervisors, and finance officers shall be as  
39 provided for State employees under the North Carolina Human Resources Act.

40 **SECTION 7A.8.(f)** Superintendents, assistant superintendents, associate  
41 superintendents, directors/coordinators, supervisors, and finance officers with certification based  
42 on academic preparation at the six-year degree level shall receive a salary supplement of one  
43 hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided  
44 pursuant to this section. Superintendents, assistant superintendents, associate superintendents,  
45 directors/coordinators, supervisors, and finance officers with certification based on academic  
46 preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-  
47 three dollars (\$253.00) per month in addition to the compensation provided for under this section.

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

1 **NON-CERTIFIED PERSONNEL SALARIES**

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

- 5 (1) For permanent, full-time employees on a 12-month contract, by three percent  
6 (3%).
- 7 (2) For the following employees, by a prorated and equitable amount based on the  
8 amount specified in subdivision (1) of this subsection:
  - 9 a. Permanent, full-time employees on a contract for fewer than 12  
10 months.
  - 11 b. Permanent, part-time employees.
  - 12 c. Temporary and permanent hourly employees.

13  
14 **PART VIII. THE UNIVERSITY OF NORTH CAROLINA SYSTEM**

15  
16 **UNC PERFORMANCE FUNDING**

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

19 **"§ 116-11.5 Institutional performance accountability.**

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

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

- 28 (1) Performance change evaluated by determining a college's rate of student  
29 success on each measure as compared to an institution-specific baseline and  
30 goal.
- 31 (2) Institutional impact based on the number of degree completers.

32 The Board may also allocate funds to specific institutions warranting targeted  
33 support to increase institutional performance or adapt to significant  
34 enrollment changes. Institutions shall use funds allocated to it pursuant to this  
35 subsection to support strategies to improve institutional performance.

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

38  
39 **SECTION 8.1.(b)** G.S. 116-11 reads as rewritten:

40 **"§ 116-11. Powers and duties generally.**

- 41 (9b) The Board of Governors shall report by ~~February~~ March 1 of each year to the  
42 Joint Legislative Education Oversight Committee, the Senate Appropriations  
43 Committee on Education/Higher Education, the House of Representatives  
44 Appropriations Subcommittee on Education, and the Fiscal Research Division  
45 on the actions and adjustments necessary to its budgetary policies, regulations,  
46 and standards resulting from the Current Operations Appropriations Act for  
47 the administration and operation of The University of North Carolina and the  
48 distribution of State and federal funds to constituent institutions. The report  
49 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 pay for the costs of continuing attendance and earning necessary credit hours at the eligible constituent institution.
- (2) A student shall be eligible to receive funds under a Program if the student meets at least the following requirements:
  - a. Needs financial assistance to remain enrolled at the eligible constituent institution and earn credits necessary to graduate on time.
  - b. Is a resident for tuition purposes, as provided in G.S. 116-143.1.
  - c. Meets satisfactory academic progress, as determined by the Board.
  - d. Has completed or is on track to complete at least 60 academic credit hours by the end of the semester in which the funds are provided.



- 1 e. Has completed the Free Application for Federal Student Aid (FAFSA) for  
2 the academic year in which the funds are provided.  
3 f. Has an unpaid balance with the eligible constituent institution. This may  
4 include an unpaid balance for tuition, fees, room, board, or other expenses  
5 of attendance.

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

- 10 (1) On-time graduation rates.  
11 (2) Student debt at graduation.

12 **SECTION 8.2.(d)** Of the funds appropriated in this act to the Board of Governors  
13 of The University of North Carolina for Completion Assistance Programs, the Board shall  
14 allocate funds to each eligible constituent institution of The University of North Carolina  
15 proportional to the number of undergraduate students enrolled at each eligible constituent  
16 institution who are residents of North Carolina and recipients of a federal Pell Grant.  
17

## 18 **EXPAND CHEATHAM -WHITE SCHOLARSHIP PROGRAM**

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

20 "**§ 116-290. Cheatham-White Scholarships; establishment and purpose; benefits.**

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

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

33 (c) Number of Scholarships Awarded. - Up to ~~50-150~~ scholarships, ~~40-120~~ for resident  
34 students and ~~10-30~~ for nonresident students, may be awarded each academic year to students  
35 admitted to North Carolina Agricultural and Technical State University. Up to ~~50-100~~  
36 scholarships, ~~40-80~~ for resident students and ~~10-20~~ for nonresident students, may be awarded each  
37 academic year to students admitted to North Carolina Central University. Up to 50 scholarships,  
38 40 for resident students and 10 for nonresident students, may be awarded each academic year to  
39 students admitted to Winston-Salem State University."

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

41 "**§ 116-292. Cheatham-White Scholarships; eligibility and selection criteria.**

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

- 44 (1) Be a competitive applicant for admission as a freshman in the fall semester  
45 into a baccalaureate program at either North Carolina Agricultural and  
46 Technical State University, ~~or~~ North Carolina Central University, or Winston-  
47 Salem State University.  
48 (2) Be a United States citizen or permanent resident.  
49 (3) Be on course to graduate from high school in the spring semester prior to  
50 college admission."  
51

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

1 **"§ 116-294. Cheatham-White Scholarships; administration of scholarships.**

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

10 (1) Design and implement an application and school nomination process to be used to  
11 identify potential scholarship candidates and a process for awarding the scholarships.

12 ...

13 (9) Any other function necessary for the successful implementation of the Cheatham-White  
14 Scholarships program and administration of the Cheatham-White Scholarships Fund.  
15 (2016-94, s.11.4(e); 2018-12, s. 12.) "

16  
17 **NORTH CAROLINA SCHOOL OF SCIENCE AND MATH RECEIPT FLEXIBILITY**

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

19 **"§ 116-30.3A. Availability of excess receipts.**

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

27  
28 **PART VIIIA. NORTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY**

29  
30 **GROWING THE HEALTHCARE WORKFORCE**

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

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

- 45 (1) The institutions that received funds, the amount of funds, and the types of  
46 programs started.  
47 (2) The use of funds by each institution receiving awards, including costs  
48 associated with student instruction, faculty salaries, instructional supplies,  
49 related instructional equipment, and accreditation costs.  
50 (3) Evaluation of the success of the new program receiving funds.  
51

1 **LONGLEAF COMMITMENT COMMUNITY COLLEGE GRANT CONSOLIDATION**

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

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

9 **"§ 116-209.85. Scholarship Reserve Fund for Public Colleges and Universities.**

10 ...

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

18 Beginning with the 2023-2024 fiscal year and for each subsequent fiscal year, within the  
19 funds available, the Authority shall allocate an amount equal to the amount from the prior fiscal  
20 year for the UNC Reserve and the CC Reserve to each reserve, respectively, unless otherwise  
21 agreed to by the President of The University of North Carolina and the President of the North  
22 Carolina Community College System. Additional funds may be directed to the reserves from a  
23 Current Operations Appropriations Act in a fiscal year. The reserves established for the  
24 2022-2023 fiscal year shall consist of the following funds:

25 (1) For the UNC Reserve, the monies shall consist of the following:

- 26 a. An amount equal to the amount appropriated to the Board of  
27 Governors of The University of North Carolina for The University of  
28 North Carolina Need-Based Financial Aid Program for the 2021-2022  
29 fiscal year.
- 30 b. An amount equal to the proportionate share of the appropriation for  
31 the Education Lottery Scholarship Program based on awards of  
32 financial assistance to students enrolled in The University of North  
33 Carolina from the Education Lottery Scholarship Program for the  
34 2017-2018, 2018-2019, and 2019-2020 fiscal years.

35 (2) For the CC Reserve, the monies shall consist of the following:

- 36 a. An amount equal to the amount appropriated to the Community  
37 Colleges System Office for the North Carolina Community College  
38 Grant Program, except for funds set aside for the targeted assistance  
39 program pursuant to G.S. 115D-40.1, for the 2021-2022 fiscal year.
- 40 b. An amount equal to the proportionate share of the appropriation for  
41 the Education Lottery Scholarship based on awards of financial  
42 assistance to students enrolled in North Carolina community colleges  
43 from the Education Lottery Scholarship Program for the 2017-2018,  
44 2018-2019, and 2019-2020 fiscal years.

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

50 ..."

1 **OPPORTUNITY SCHOLARSHIPS ACCOUNTABILITY**

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

3 **"§ 115C-562.1. Definitions.**

4 The following definitions apply in this Part:

5 ...

6 (3a) Eligible student. – A student residing in North Carolina who has not yet received a  
7 high school diploma and who meets all of the following requirements:

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

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

20 **"§ 115C-562.2. Scholarship grants.**

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

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

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

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

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

- 39 (1) For students residing in households with an income level not in excess of the  
40 amount required for the student to qualify for the federal free or reduced-price  
41 lunch program, per year per eligible student, an amount of up to one hundred  
42 percent (100%) of the average State per pupil allocation for average daily  
43 membership in the prior fiscal year.  
44 (2) For students residing in households with an income level between the amount  
45 required for the student to qualify for the federal free or reduced-price lunch  
46 program and not in excess of two hundred percent (200%) of that amount, per  
47 year per eligible student, an amount of up to ninety percent (90%) of the  
48 average State per pupil allocation for average daily membership in the prior  
49 fiscal year.  
50 ~~(3) For students residing in households with an income level of between two~~  
51 ~~hundred percent (200%) of the amount required for the student to qualify for~~

1 ~~the federal free or reduced-price lunch program and not in excess of four~~  
2 ~~hundred fifty percent (450%) of that amount, per year per eligible student, an~~  
3 ~~amount of up to sixty percent (60%) of the average State per pupil allocation~~  
4 ~~for average daily membership in the prior fiscal year.~~

5 ~~(4) For all students, per year per eligible student, an amount of up to forty-five~~  
6 ~~percent (45%) of the average State per pupil allocation for average daily~~  
7 ~~membership in the prior fiscal year, unless the student qualifies for a higher~~  
8 ~~amount under this subsection.~~

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

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

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

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

20 **"§ 115C-562.8. The Opportunity Scholarship Grant Fund Reserve.**

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

Fiscal Year	Appropriation
26 2017-2018	\$44,840,000
27 2018-2019	\$54,840,000
28 2019-2020	\$64,840,000
29 2020-2021	\$74,840,000
30 2021-2022	\$84,840,000
31 2022-2023	\$94,840,000
32 2023-2024	\$176,540,000
33 2024-2025	\$191,540,000
34 2025-2026	\$625,000,000
35 2026-2027	\$675,000,000
36 2027-2028	<del>\$700,000,000</del> <u>\$194,124,036</u>
37 2028-2029	<del>\$725,000,000</del> <u>\$176,276,589</u>
38 2029-2030	<del>\$750,000,000</del> <u>\$156,209,738</u>
39 2030-2031	<del>\$775,000,000</del> <u>\$135,285,250</u>
40 2031-2032	<del>\$800,000,000</del> <u>\$114,800,340</u>
41 <u>2032-2033</u>	<u>\$93,233,393</u>
42 <u>2033-2034</u>	<u>\$70,197,091</u>
43 <u>2034-2035</u>	<u>\$46,300,078</u>
44 <u>2035-2036</u>	<u>\$22,046,485</u>

45 For the ~~2032-2033-2036-2037~~ fiscal year and each fiscal year thereafter, there is appropriated  
46 from the General Fund to the Reserve the sum of ~~eight hundred twenty-five million dollars~~  
47 ~~(\$825,000,000)~~ zero dollars (\$0) to be used for the purposes set forth in this section. When  
48 developing the base budget, as defined by G.S. 143C-11, for each fiscal year specified in this  
49 subsection, the Director of the Budget shall include the appropriated amount specified in this  
50 subsection for that fiscal year."  
51

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

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

6 "**§ 115C-562.5 Obligations of nonpublic schools accepting eligible students receiving**  
7 **scholarship grants.**

8           (3a) Academic Assessment. – A nonpublic school that accepts eligible students receiving  
9 scholarship funds shall academically assess students on an annual basis for each school year at  
10 the same grade levels as required by the State Board of Education for students in the public  
11 schools pursuant to G.S. 115C-174.11(c)(1). An eligible student awarded scholarship funds who  
12 is enrolled in a nonpublic school shall participate in the academic assessments to maintain  
13 eligibility for receipt of the scholarship funds.

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

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

23 "**§ 115C-562.7 Reporting requirements.**

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

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

28 "**§ 115C-562.2 Scholarship grants.**

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

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

33 "**§ 115C-562.5. Obligations of nonpublic schools accepting eligible students receiving**  
34 **scholarship grants.**

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

37           (1) Provide to the Authority annually documentation for required tuition and fees  
38 charged to the student by the nonpublic school. A nonpublic school that  
39 accepts eligible students receiving scholarship grants shall not increase tuition  
40 each year by more than the Consumer Price Index as calculated by the United  
41 States Bureau of Labor Statistics and reported on January 1 of the year in  
42 which the school is increasing tuition.

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

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

- 1 (4) Administer, at least once in each school year (or more as required by State or  
2 Federal Requirements), tests as provided in this subdivision. Student-level test  
3 performance data shall be submitted to the Authority by July 15 of each year  
4 and retained by the nonpublic school for a five-year period and shall be subject  
5 to audit by the Authority to ensure compliance with this subdivision.~~year. Test~~  
6 Personally identifiable individual test performance data reported to the  
7 Authority or audited or collected for evaluation purposes by the Authority  
8 under this subdivision is not a public record under Chapter 132 of the General  
9 Statutes. Nothing in this subdivision shall be deemed to prohibit a nonpublic  
10 school from administering other standardized tests or tests at other grade  
11 levels for its own purposes. Tests shall be administered to all eligible students  
12 ~~enrolled in grades three and higher~~ whose tuition and fees are paid in whole  
13 or in part with a scholarship grant as follows:
- 14 a. The nationally standardized test designated by the Authority in grades  
15 three and eight.
  - 16 b. The ACT in grade 11.
  - 17 c. A nationally standardized test or other nationally standardized  
18 equivalent measurement selected by the chief administrative officer of  
19 the nonpublic school in all other grades four and higher. For grades  
20 four through seven, the nationally standardized test or other equivalent  
21 measurement selected must measure achievement in the areas of  
22 English grammar, reading, spelling, and mathematics. For grades nine,  
23 10, and 12, the nationally standardized test or other equivalent  
24 measurement selected must measure either (i) achievement in the areas  
25 of English grammar, reading, spelling, and mathematics or (ii)  
26 competencies in the verbal and quantitative areas.
  - 27 d. The assessments and tests required by the State Board of Education  
28 for public schools to comply with federal law according to grade level  
29 pursuant to G.S. 115C-174.11(c)(1).
- 30 (4b) Pursuant to G.S. 115C-107.6, educate each child with a disability awarded  
31 scholarship funds in accordance with that child's Individualized Education  
32 Plan (IEP) and in compliance with the Individuals with Disabilities Act  
33 (IDEA) and State Board of Education policies.
- 34 (5) Provide to the Authority four-year cohort graduation rates of the students  
35 receiving scholarship grants in a manner consistent with requirements of Title  
36 I, Part A of ESEA and 34 C.F.R. §200.19. nationally recognized standards.
- 37 (5b) Provide to the Authority by August 1 of each year attendance records of  
38 students receiving scholarship grants during the previous school year  
39 including the name of any schools attended during that time.
- 40 (6) Contract with a certified public accountant to perform a financial ~~review~~audit,  
41 consistent with generally accepted methods of accounting or any other  
42 comprehensive basis of accounting recognized by the American Institute of  
43 Certified Public Accountants (AICPA) a minimum of once every two years  
44 for each school year in which the school enrolls ~~70 or more students receiving~~  
45 scholarship grants or scholarship funds awarded by the Authority. ~~students~~  
46 who collectively receive more than one hundred thousand dollars (\$100,000)  
47 in scholarship grants awarded under this Part. If a nonpublic school accepts  
48 students receiving less than one hundred thousand dollars (\$100,000) in  
49 scholarship grants, the school shall contract with a certified public accountant  
50 to perform a financial audit once every three years. The nonpublic school shall  
51 submit the audit report to the Authority by December 31 of each year an audit

1 is conducted. The Authority may require a school to be audited annually after  
2 the school has two consecutive financial audits with findings.

3 The Authority shall ensure that all schools are audited in accordance with this section.

4 (7) Maintain a school facility within the State where in-person instruction is  
5 provided. This subdivision does not prohibit a school from offering remote-  
6 only courses of instruction in addition to in-person instruction.

7 (8) Provide the following information annually to the Division:

8 a. Name and address of the school, including physical location address.  
9 A school with more than one physical location shall establish a  
10 separate notice of intent for each physical location and shall provide  
11 all information required by this subdivision for each physical location.

12 b. The name of the owners and chief administrator, as well as their  
13 contact information.

14 c. Number of students in attendance at the school as of October 1.

15 d. Total number of students enrolled in the school as of the last day of  
16 the previous school year.

17 e. Documentation of a completed fire inspection within the previous 365  
18 days.

19 (9) In coordination with local law enforcement agencies, adopt a School Risk  
20 Management Plan (SRMP) relating to incidents of school violence as detailed  
21 in G.S. 115C-47 (40). In constructing and maintaining these plans, the school  
22 shall utilize the School Risk and Response Management System (SRRMS)  
23 established pursuant to G.S. 115C-105.49A. These plans are not considered  
24 a public record as the term "public record" is defined under G.S. 132-1.

25 (10) Pursuant to G.S. 115C-105.53, provide schematic diagrams and keys to the  
26 main entrance of school facilities to local law enforcement agencies. These  
27 diagrams are not considered a public record as the term "public record" is  
28 defined under G.S. 132-1.

29 (11) Pursuant to G.S. 115C-105.49, at least once a year, hold a full school-wide  
30 lockdown exercise with local law enforcement and emergency management  
31 agencies that are part of the qualified nonpublic school's SRMP.

32 (12) Provide the following: (i) schematic diagrams, including digital schematic  
33 diagrams, and (ii) emergency response information requested by the  
34 Department of Public Safety, Division of Emergency Management for the  
35 SRMP. These diagrams and emergency response information are not  
36 considered a public record as the term "public record" is defined under G.S.  
37 132-1.

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

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

43 (1) Report to the Authority on the aggregate standardized test performance of the  
44 individual student standardized test performance of eligible students in grades  
45 three, eight, and 11 under subsection (4) of this section. Aggregate test  
46 performance data reported to the Authority which does not contain personally  
47 identifiable student data shall be a public record under Chapter 132 of the  
48 General Statutes. The Authority shall make these reports of aggregate student  
49 standardized test performance publicly available. Test performance data may  
50 be shared with public or private institutions of higher education located in  
51 North Carolina and shall be provided to an independent research organization



1 selected by the Authority for research purposes as permitted by the Federal  
2 Education Rights and Privacy Act, 20 U.S.C. § 1232g.

- 3 (2) Retain standardized test performance data for eligible students in all other  
4 grades and annually certify to the Authority compliance with the requirements  
5 of subdivision (4) of subsection (a) of this section.

6 (c1) A nonpublic school shall not discriminate with respect to the categories listed in 42  
7 U.S.C. § 2000d, as that statute read on January 1, 2014, and with respect to the definitions of an  
8 individual with a disability as defined in the Americans With Disabilities Act of 1990, 42 U.S.C.  
9 § 12101 as that statute read on January 1, 2024."

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

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

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

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

## 23 **PART IX. HEALTH AND HUMAN SERVICES**

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

### 25 **PART IX-B. CENTRAL MANAGEMENT AND SUPPORT**

#### 26 **COMMUNITY HEALTH GRANT PROGRAM**

27 **SECTION 9B.1.(a)** Funds appropriated in this act to the Department of Health and  
28 Human Services, Division of Central Management, Office of Rural Health, for each year of the  
29 2025-2027 fiscal biennium for the Community Health Grant Program shall be used to continue  
30 to administer the Community Health Grant Program as modified by Section 11A.8 of S.L. 2017-  
31 57.

32 **SECTION 9B.1.(b)** The Office of Rural Health shall make the final decision about  
33 awarding grants under this Program, but no single grant award shall exceed one hundred fifty  
34 thousand dollars (\$150,000) during the fiscal year. In awarding grants, the Office of Rural Health  
35 shall consider the availability of other funds for the applicant; the incidence of poverty in the area  
36 served by the applicant or the number of indigent clients served by the applicant; the availability  
37 of, or arrangements for, after-hours care; and collaboration between the applicant and a  
38 community hospital or other safety net organizations.

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

- 41 (1) Enhance or increase compensation or other benefits of personnel,  
42 administrators, directors, consultants, or any other persons receiving funds for  
43 program administration; provided, however, funds may be used to hire or  
44 retain health care providers. The use of grant funds for this purpose does not  
45 obligate the Department of Health and Human Services to continue to fund  
46 compensation beyond the grant period.  
47  
48  
49  
50

1 (2) Supplant existing funds, including federal funds traditionally received by  
2 federally qualified community health centers. However, grant funds may be  
3 used to supplement existing programs that serve the purposes described in  
4 subsection (a) of this section.

5 (3) Finance or satisfy any existing debt.

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

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

12 (1) The identity and a brief description of each grantee and each program or  
13 service offered by the grantee.

14 (2) The amount of funding awarded to each grantee.

15 (3) The number of individuals served by each grantee and, for the individuals  
16 served, the types of services provided to each.

17 (4) Any other information requested by the Office of Rural Health as necessary  
18 for evaluating the success of the Community Health Grant Program.

19  
20 **REPLACEMENT FOR CRITICAL IT SYSTEMS THAT SUPPORT SUBSTANCE USE**  
21 **DISORDER PREVENTION AND TREATMENT**

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

35  
36 **USE OF TALC SETTLEMENT FUNDS**

37 **SECTION 9B.3.(a)** The Ovarian Cancer Mitigation Fund (Fund) is created within  
38 the Department of Health and Human Services, Division of Central Management and Support,  
39 as a nonreverting special fund. The Fund shall consist of (i) monies received by the State as a  
40 beneficiary of the final consent judgment resolving the case, State of North Carolina, ex rel.  
41 Joshua H. Stein, Attorney General v. Johnson & Johnson (J&J Case), and (ii) all interest and  
42 investment earnings received on monies in the Fund. Monies in the Fund shall be expended only  
43 by an act of appropriation by the General Assembly and in accordance with the final consent  
44 judgment resolving the J&J Case.

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

50 (1) Up to two million dollars (\$2,000,000) in nonrecurring funds for each year of  
51 the 2025-2027 fiscal biennium shall be used to support a public-private

1 partnership consisting of community-based organizations, medical providers,  
2 and others to develop, strengthen, and promote improved access to ovarian  
3 cancer educational materials, screenings, and care providers. Funds may be  
4 used to contract with a lead community-based organization with statewide  
5 reach to implement related initiatives, including technical assistance and  
6 subgrants to other community-based organizations for these purposes.

7 (2) Up to seven hundred and fifty thousand dollars (\$750,000) in nonrecurring  
8 funds for each year of the 2025-2027 fiscal biennium shall be used to invest  
9 in data collection and analysis infrastructure to support timely and accurate  
10 cancer surveillance and improved capacity to address emerging threats.

11 (3) Up to one million two hundred fifty thousand dollars (\$1,250,000) in  
12 nonrecurring funds for each year of the 2025-2027 fiscal biennium shall be  
13 used to design and implement communication and education strategies  
14 designed to raise awareness of ovarian cancer and promote preventive  
15 measures, screening, and treatment.

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

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

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

26  
27 **PART IX-C. CHILD AND FAMILY WELL-BEING [RESERVED]**

28  
29 **PART IX-D. CHILD DEVELOPMENT AND EARLY EDUCATION**

30  
31 **NC PRE-K PROGRAMS/STANDARDS FOR FOUR AND FIVE-STAR RATED**  
32 **FACILITIES**

33 **SECTION 9D.1.(a)** Eligibility. – The Department of Health and Human Services,  
34 Division of Child Development and Early Education, shall continue implementing the  
35 prekindergarten program (NC Pre-K). The NC Pre-K program shall serve children who are 4  
36 years of age on or before August 31 of the program year. In determining eligibility, the Division  
37 shall establish income eligibility requirements for the program not to exceed seventy-five percent  
38 (75%) of the State median income. Up to twenty percent (20%) of children enrolled may have  
39 family incomes in excess of seventy-five percent (75%) of median income if those children have  
40 other designated risk factors. Furthermore, any age-eligible child who is a child of either of the  
41 following shall be eligible for the program: (i) an active duty member of the Armed Forces of the  
42 United States, including the North Carolina National Guard, State military forces, or a reserve  
43 component of the Armed Forces who was ordered to active duty by the proper authority within  
44 the last 18 months or is expected to be ordered within the next 18 months, or (ii) a member of the  
45 Armed Forces of the United States, including the North Carolina National Guard, State military  
46 forces, or a reserve component of the Armed Forces who was injured or killed while serving on  
47 active duty. Eligibility determinations for NC Pre-K participants may continue through local  
48 education agencies and local North Carolina Partnership for Children, Inc., partnerships.

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



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

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

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

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

33 **SECTION 9D.2.(f)** The Division of Child Development and Early Education shall  
34 continue implementing policies that improve the quality of child care for subsidized children,  
35 including a policy in which child care subsidies are paid, to the extent possible, for child care in  
36 the higher quality centers and homes only. The Division shall define higher quality, and subsidy  
37 funds shall not be paid for one or two-star-rated facilities. For those counties with an inadequate  
38 number of four and five-star-rated facilities, the Division shall continue a transition period that  
39 allows the facilities to continue to receive subsidy funds while the facilities work on the increased  
40 star ratings. The Division may allow exemptions in counties where there is an inadequate number  
41 of four and five-star-rated facilities for non-star-rated programs, such as religious programs.

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

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

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

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

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

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

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

## 30 **CHILD CARE ALLOCATION FORMULA**

31 **SECTION 9D.3.(a)** The Department of Health and Human Services, Division of  
32 Child Development and Early Education (Division), shall allocate child care subsidy voucher  
33 funds to pay the costs of necessary child care for minor children of needy families. The  
34 mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation  
35 under G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy  
36 allocation. The Department of Health and Human Services shall use the following method when  
37 allocating federal and State child care funds, not including the aggregate mandatory thirty percent  
38 (30%) North Carolina Partnership for Children, Inc., subsidy allocation:

- 39 (1) Funds shall be allocated to a county based upon the projected cost of serving  
40 children under age 11 in families with all parents working who earn less than  
41 the applicable federal poverty level percentage set forth in Section 9D.3(a) of  
42 this act.
- 43 (2) The Division may withhold up to two percent (2%) of available funds from  
44 the allocation formula for (i) preventing termination of services throughout  
45 the fiscal year and (ii) repayment of any federal funds identified by counties  
46 as overpayments, including overpayments due to fraud. The Division shall  
47 allocate to counties any funds withheld before the end of the fiscal year when  
48 the Division determines the funds are not needed for the purposes described  
49 in this subdivision. The Division shall submit a report to the Joint Legislative  
50

1 Oversight Committee on Health and Human Services and the Fiscal Research  
2 Division, which report shall include each of the following:

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

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

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

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

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

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

#### 40 **SMART START INITIATIVES**

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

- 49 (1) Increase children's literacy.
- 50 (2) Increase the parents' ability to raise healthy, successful children.
- 51

1 (3) Improve children's health.

2 (4) Assist four and five-star-rated facilities in improving and maintaining quality.

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

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

19 (1) The population of the area serviced by a local partnership.

20 (2) The amount of State funds administered.

21 (3) The amount of total funds administered.

22 (4) The professional experience of the individual to be compensated.

23 (5) Any other relevant factors pertaining to salary, as determined by the North  
24 Carolina Partnership for Children, Inc.

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

29 **SECTION 9D.4.(d)** Match Requirements. – The North Carolina Partnership for  
30 Children, Inc., and all local partnerships shall, in the aggregate, be required to match one hundred  
31 percent (100%) of the total amount budgeted for the program in each fiscal year of the 2025-  
32 2027 biennium. Of the funds that the North Carolina Partnership for Children, Inc., and the local  
33 partnerships are required to match, contributions of cash shall be equal to at least thirteen percent  
34 (13%) and in-kind donated resources shall be equal to no more than six percent (6%) for a total  
35 match requirement of nineteen percent (19%) for each year of the 2025-2027 fiscal biennium.  
36 The North Carolina Partnership for Children, Inc., may carry forward any amount in excess of  
37 the required match for a fiscal year in order to meet the match requirement of the succeeding  
38 fiscal year. Only in-kind contributions that are quantifiable shall be applied to the in-kind match  
39 requirement. Volunteer services may be treated as an in-kind contribution for the purpose of the  
40 match requirement of this subsection. Volunteer services that qualify as professional services  
41 shall be valued at the fair market value of those services. All other volunteer service hours shall  
42 be valued at the statewide average wage rate as calculated from data compiled by the Division of  
43 Employment Security of the Department of Commerce in the Employment and Wages in North  
44 Carolina Annual Report for the most recent period for which data are available. Expenses,  
45 including both those paid by cash and in-kind contributions, incurred by other participating non-  
46 State entities contracting with the North Carolina Partnership for Children, Inc., or the local  
47 partnerships also may be considered resources available to meet the required private match. In  
48 order to qualify to meet the required private match, the expenses shall:

49 (1) Be verifiable from the contractor's records.

50 (2) If in-kind, other than volunteer services, be quantifiable in accordance with  
51 generally accepted accounting principles for nonprofit organizations.



- 1 (3) Not include expenses funded by State funds.
- 2 (4) Be supplemental to and not supplant preexisting resources for related program
- 3 activities.
- 4 (5) Be incurred as a direct result of the Early Childhood Initiatives Program and
- 5 be necessary and reasonable for the proper and efficient accomplishment of
- 6 the Program's objectives.
- 7 (6) Be otherwise allowable under federal or State law.
- 8 (7) Be required and described in the contractual agreements approved by the
- 9 North Carolina Partnership for Children, Inc., or the local partnership.
- 10 (8) Be reported to the North Carolina Partnership for Children, Inc., or the local
- 11 partnership by the contractor in the same manner as reimbursable expenses.

12 Failure to obtain a nineteen percent (19%) match by June 30 of each year of the 2025-  
13 2027 fiscal biennium shall result in a dollar-for-dollar reduction in the appropriation for the  
14 Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be  
15 responsible for compiling information on the private cash and in-kind contributions into a report,  
16 to be included in its annual report as required under G.S. 143B-168.12(d), in a format that allows  
17 verification by the Department of Revenue. The same match requirements shall apply to any  
18 expansion funds appropriated by the General Assembly.

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

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

31 **SECTION 9D.4.(f) Allocations.** – The North Carolina Partnership for Children, Inc.,  
32 shall not reduce the allocation for counties with less than 35,000 in population below the 2012-  
33 2013 funding level.

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

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

- 41 (1) Capital expenditures are prohibited for the 2025-2027 fiscal biennium. For the
- 42 purposes of this section, "capital expenditures" means expenditures for capital
- 43 improvements as defined in G.S. 143C-1-1(d)(5).
- 44 (2) Expenditures of State funds for advertising and promotional activities are
- 45 prohibited for the 2025-2027 fiscal biennium.

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

49 **SECTION 9D.4.(i) Notwithstanding subsection (h) of this section,** the North  
50 Carolina Partnership for Children, Inc., and local partnerships may use up to one percent (1%) of  
51 State funds for fundraising activities. The North Carolina Partnership for Children, Inc., shall

1 include in its annual report required under G.S. 143B-168.12(d) a report on the use of State funds  
2 for fundraising. The report shall include the following:

- 3 (1) The amount of funds expended on fundraising.
- 4 (2) Any return on fundraising investments.
- 5 (3) Any other information deemed relevant.

## 6 7 **PART IX-E. HEALTH BENEFITS**

### 8 9 **CONTINUE MEDICAID ANNUAL REPORT**

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

### 14 15 **VOLUME PURCHASE PLANS AND SINGLE SOURCE PROCUREMENT**

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

### 21 22 **ADMINISTRATIVE HEARINGS FUNDING**

23 **SECTION 9E.3.** Of the funds appropriated in this act to the Department of Health  
24 and Human Services, Division of Health Benefits, for administrative contracts and interagency  
25 transfers, the Department of Health and Human Services (DHHS) shall transfer the sum of one  
26 million dollars (\$1,000,000) for the 2025-2026 fiscal year and the sum of one million dollars  
27 (\$1,000,000) for the 2026-2027 fiscal year to the Office of Administrative Hearings (OAH).  
28 These funds shall be allocated by OAH for mediation services provided for Medicaid applicant  
29 and recipient appeals and to contract for other services necessary to conduct the appeals process.  
30 OAH shall continue the Memorandum of Agreement (MOA) with DHHS for mediation services  
31 provided for Medicaid recipient appeals and contracted services necessary to conduct the appeals  
32 process. Upon receipt of invoices from OAH for covered services rendered in accordance with  
33 the MOA, DHHS shall transfer the federal share of Medicaid funds drawn down for this purpose.

### 34 35 **ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

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

41 **SECTION 9E.4.(b)** For the 2025-2026 fiscal year, the Department of Health and  
42 Human Services shall deposit from its revenues one hundred seven million seven hundred  
43 thousand dollars (\$107,700,000) with the Department of State Treasurer to be accounted for as  
44 nontax revenue. For the 2026-2027 fiscal year, the Department of Health and Human Services  
45 shall deposit from its revenues one hundred nine million dollars (\$109,000,000) with the  
46 Department of State Treasurer to be accounted for as nontax revenue. These deposits shall  
47 represent the return of advanced General Fund appropriations, nonfederal revenue, fund  
48 balances, or other resources from State-owned and State operated hospitals that are used to  
49 provide indigent and nonindigent care services. The return from State-owned and State operated  
50 hospitals to the Department of Health and Human Services shall be made from nonfederal  
51 resources in the following manner:

- 1 (1) The University of North Carolina Hospitals at Chapel Hill shall make the  
 2 following deposits:  
 3 a. For the 2025-2026 fiscal year, the amount of thirty-one million three  
 4 hundred sixty-five thousand three hundred five dollars (\$31,365,305).  
 5 b. For the 2026-2027 fiscal year, the amount of thirty-one million three  
 6 hundred sixty-five thousand three hundred five dollars (\$31,365,305).  
 7 (2) All State-owned and State operated hospitals, other than the University of  
 8 North Carolina Hospitals at Chapel Hill, that specialize in psychiatric care  
 9 shall annually deposit an amount equal to the amount of the payments from  
 10 DHB for uncompensated care.  
 11

12 **LME/MCO INTERGOVERNMENTAL TRANSFERS**

13 **SECTION 9E.5.(a)** The local management entities/managed care organizations  
 14 (LME/MCOs) shall make intergovernmental transfers to the Department of Health and Human  
 15 Services, Division of Health Benefits (DHB), in an aggregate amount of eighteen million twenty-  
 16 eight thousand two hundred seventeen dollars (\$18,028,217) in the 2025-2026 fiscal year and in  
 17 an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen dollars  
 18 (\$18,028,217) for the 2026-2027 fiscal year. The due date and frequency of the  
 19 intergovernmental transfer required by this section shall be determined by DHB. The amount of  
 20 the intergovernmental transfer that each individual LME/MCO is required to make in each fiscal  
 21 year shall be as follows:

	<b>2024-2025</b>	<b>2026-2027</b>
22 Alliance Behavioral Healthcare	\$4,508,857	\$4,508,857
23 Partners Health Management	\$3,544,348	\$3,544,348
24 Trillium Health Resources	\$6,448,693	\$6,448,693
25 Vaya Health	\$3,526,319	\$3,526,319

26  
 27 **SECTION 9E.5.(b)** In the event that a county disengages from an LME/MCO and  
 28 realigns with another LME/MCO during the 2025-2027 fiscal biennium, DHB shall have the  
 29 authority to reallocate the amount of the intergovernmental transfer that each affected  
 30 LME/MCO is required to make under subsection (a) of this section, taking into consideration the  
 31 change in catchment area and covered population, provided that the aggregate amount of the  
 32 transfers received from all LME/MCOs in each year of the fiscal biennium is achieved.  
 33

34 **CHILDREN AND FAMILIES SPECIALTY PLAN**

35 **SECTION 9E.6.(a)** Section 9E.22(a) of S.L. 2023-134 reads as rewritten:

36 **"SECTION 9E.22.(a)** The Department of Health and Human Services (DHHS) shall issue  
 37 an initial request for proposals (RFP) to procure a single statewide children and families (CAF)  
 38 specialty plan contract with services to begin no later than ~~December 1, 2024~~ December 1, 2025.  
 39 The RFP shall be subject to the requirements in G.S. 108D-62, as enacted by subsection (k) of  
 40 this section. DHHS shall define the services available under the CAF specialty plan and the  
 41 Medicaid beneficiaries who are eligible to enroll in the CAF specialty plan, except as otherwise  
 42 specified in this act or in law. For the purposes of this section, the CAF specialty plan shall be as  
 43 defined under G.S. 108D-1, as amended by subsection (c) of this section."  
 44

45 **CONTINUE MEDICAID COVERAGE FOR PREGNANT WOMEN FOR TWELVE**  
 46 **MONTHS POSTPARTUM**

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

48 **SECTION 9E.7.(b)** G.S. 108A-146.5 reads as rewritten:

49 **"§ 108A-146.5. Aggregate modernized assessment collection amount.**

50 (a) The aggregate modernized assessment collection amount is an amount of money that is  
 51 calculated by subtracting the modernized intergovernmental transfer adjustment component

1 under G.S. 108A-146.13 from the total modernized nonfederal receipts under subsection (b) of  
2 this section and then adding the positive or negative amount of the modernized IGT actual  
3 receipts adjustment component under G.S. 108A-146.14.

4 (b) The total modernized nonfederal receipts is the sum of all of the following:

5 (1) One-fourth of the State's annual Medicaid payment.

6 (2) The managed care component under G.S. 108A-146.7.

7 (3) The fee-for-service component under G.S. 108A-146.9.

8 (3a) The modernized HASP component under G.S. 108A-146.10.

9 (4) The GME component under G.S. 108A-146.11.

10 (5) Beginning April 1, 2022, ~~and ending March 31, 2027~~, the postpartum coverage  
11 component under G.S. 108A-146.12.

12 (6) Beginning April 1, 2024, the home and community-based services component  
13 under G.S. 108A-146.12A. (2021-61, s. 2; 2021-180, s. 9D.13A(b); 2023-7, s. 1.7(c).)"

## 14 **GROSS PREMIUM TAX OFFSET CHANGES**

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

### 17 **"§ 105-228.11. Transfer to Health Advancement Receipts Special Fund.**

18 Each fiscal year, the Secretary of Revenue shall transfer at the beginning of each  
19 quarter from the State insurance tax net collections received by the Department of Revenue under  
20 Article 8B of Chapter 105 of the General Statutes to the State Treasurer for the Health  
21 Advancement Receipts Special Fund, the gross premiums tax offset amount, as defined in G.S.  
22 108A-147.12. The Office of State Budget and Management shall calculate the amount of the  
23 gross premiums tax offset as defined in G.S. 108A-147.12. and certified the amount for the  
24 Secretary of Revenue that is required to be transferred using data in the North Carolina Financial  
25 System. "

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

### 27 **"§ 108A-147.11. Health advancement reconciliation adjustment component.**

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

31 (1) The presumptive service cost component calculated under G.S. 108A-147.5  
32 for the quarter that is two quarters prior to the current quarter.

33 (2) The positive or negative ~~gross premiums tax offset amount calculated under~~  
34 ~~G.S. 105-228.11/108A-147.12(b)~~ amount transferred during the current  
35 quarter by the Department of Revenue to the State Treasurer for the Health  
36 Advancement Receipts Special Fund under G.S. 105-228.11.

37 (3) The HASP health advancement component calculated under G.S. 108A-147.6  
38 for the quarter that is two quarters prior to the current quarter.

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

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

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

### 49 **"§ 143C-9-10. Health Advancement Receipts Special Fund.**

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

3 (b) Source of Funds. - Each State fiscal quarter, the Department of Health and Human  
4 Services shall deposit in the Health Advancement Receipts Special Fund an amount of funds  
5 equal to the total nonfederal receipts for health advancement calculated under G.S. 108A-  
6 147.3(b) for that quarter, minus the State retention component under G.S. 108A-147.8 for that  
7 quarter, and plus the positive or negative ~~gross premiums tax offset~~ amount ~~transferred by the~~  
8 ~~Department of Revenue to the State Treasurer for the Health Advancement Receipts Special Fund~~  
9 ~~under G.S. 105-228.11 transferred by the Department of Revenue to the State Treasurer for the~~  
10 ~~Health Advancement Receipts Special Fund under G.S. 105-228.11 calculated under G.S. 108A-~~  
11 ~~147.12(b)~~ for that quarter.

12 (c) Use of Funds. - The Department of Health and Human Services shall use funds in the  
13 Health Advancement Receipts Special Fund only for the purposes described in G.S. 108A-  
14 147.13."

## 15 16 **AMERICAN RESCUE PLAN ACT TEMPORARY SAVINGS FUND BALANCE**

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

## 20 21 **CREATE DESIGNATED STATE HEALTH PROGRAM SAVINGS BUDGET FUND**

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

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

34 **SECTION 9E.10.(c)** It is the intent of the Governor to fully fund statewide expansion  
35 of the Healthy Opportunities program when it is financially feasible to do so given recurring  
36 costs. The sum of forty-six million, seventy-four thousand, three hundred and forty-nine dollars  
37 (\$46,074,349) in nonrecurring funds for the 2025-2026 fiscal year and the sum of eleven million,  
38 eight hundred and twelve thousand, five hundred and nineteen dollars (\$11,812,519) in  
39 nonrecurring funds for the 2026-2027 fiscal year from the special fund created in Section  
40 9E.10.(a) may be transferred to DHB for the sole purpose of providing the State share for capacity  
41 building or service provision of the expanded Healthy Opportunities program in the western  
42 region of the state.

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

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

## 50 51 **PART IX-F. HEALTH SERVICES REGULATION**

1  
2 **INCREASE X-RAY FEE CAP**

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

4 **"§ 104E-19. Fees.**

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

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

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

11 (1) For tanning facilities: two hundred dollars (\$200.00) for the first piece of  
12 tanning equipment and thirty dollars (\$30.00) for each additional piece of  
13 tanning equipment.

14 (2) For the following categories of facilities registered to use X-ray tubes or X-  
15 ray equipment: clinics, chiropractors, dentists, educational, government,  
16 podiatrists, industrial, physicians, veterinarians, and other; ~~two hundred~~  
17 ~~dollars (\$200.00)~~ four hundred dollars (\$400.00) for the first X-ray tube or  
18 piece of X-ray equipment and ~~thirty dollars (\$30.00)~~ sixty dollars (\$60.00) for  
19 each additional X-ray tube or piece of X-ray equipment.

20 (3) For the following categories of facilities registered to use X-ray tubes or X-  
21 ray equipment: industrial medical, health departments, and service; ~~three~~  
22 ~~hundred dollars (\$300.00)~~ six hundred dollars (600.00) for the first X-ray tube  
23 or piece of X-ray equipment and ~~forty dollars (\$40.00)~~ eighty dollars (80.00)  
24 for each additional X-ray tube or piece of X-ray equipment.

25 (4) For the following categories of facilities registered to use X-ray tubes or X-  
26 ray equipment: hospitals and industrial radiography; ~~four hundred dollars~~  
27 ~~(\$400.00)~~ eight hundred dollars (\$800.00) for the first X-ray tube or piece of  
28 X-ray equipment and ~~fifty dollars (\$50.00)~~ one hundred dollars (\$100.00) for  
29 each additional X-ray tube or piece of X-ray equipment."  
30

31 **PART IX-G. MENTAL HEALTH/DEVELOPMENTAL DISABILITIES/SUBSTANCE**  
32 **USE SERVICES**

33  
34 **SINGLE STREAM FUNDING FOR DMH/DD/SUS COMMUNITY SERVICES**

35 **SECTION 9G.1.(a)** For the purpose of mitigating cash flow problems that many  
36 local management entities/managed care organizations (LME/MCOs) experience at the  
37 beginning of each fiscal year relative to single stream funding, the Department of Health and  
38 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use  
39 Services (DMH/DD/SUS), shall distribute not less than one-twelfth of each LME/MCO's base  
40 budget allocation at the beginning of the fiscal year and subtract the amount of that distribution  
41 from the LME/MCO's total reimbursements for the fiscal year. For each month of the fiscal year  
42 after July, DMH/DD/SUS shall distribute, on the third working day of the month, one eleventh  
43 of the amount of each LME/MCO's single stream allocation that remains after subtracting the  
44 amount of the distribution that was made to the LME/MCO in July of the fiscal year.

45 **SECTION 9G.1.(b)** If, on or after June 1, 2025, the Office of State Budget  
46 Management (OSBM) certifies a Medicaid budget surplus and sufficient cash in Budget Code  
47 14445 to meet total obligations for the 2024-2025 fiscal year, then DHB shall transfer to  
48 DMH/DD/SUS funds not to exceed the amount of the certified surplus or thirty million dollars  
49 (\$30,000,000), whichever is less, to be used for single stream funding.

50 **SECTION 9G.1.(c)** If, on or after June 1, 2026, the Office of State Budget  
51 Management (OSBM) certifies a Medicaid budget surplus and sufficient case in Budget Code

1 14445 to meet total obligations for the 2025-2026 fiscal year, then DHB shall transfer to  
2 DMH/DD/SUS funds not to exceed the amount of the certified surplus or thirty million dollars  
3 (\$30,000,000), whichever is less, to be used for single stream funding.

4 **SECTION 9G.1.(d)** If, on or after June 1, 2027, the Office of State Budget  
5 Management (OSBM) certifies a Medicaid budget surplus and sufficient case in Budget Code  
6 14445 to meet total obligations for the 2026-2027 fiscal year, then DHB shall transfer to  
7 DMH/DD/SUS funds not to exceed the amount of the certified surplus or thirty million dollars  
8 (\$30,000,000), whichever is less, to be used for single stream funding.

## 9 10 **LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS**

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

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

38 In addition, DHHS shall work to ensure that any local inpatient psychiatric beds or  
39 bed days purchased in accordance with this section are distributed across the State and according  
40 to need, as determined by DHHS. DHHS shall ensure that beds or bed days for individuals with  
41 higher acuity levels are distributed across the State and according to greatest need based on  
42 hospital bed utilization data. DHHS shall enter into contracts with LME/MCOs and local  
43 hospitals for the purchase and management of the local inpatient psychiatric beds or days and  
44 allocate up to forty percent (40%) of the total funding to the LME/MCO's for the purpose of  
45 facility-based crisis services, nonhospital detoxification services, and peer respite services.  
46 DHHS shall work to ensure that these contracts are awarded equitably around all regions of the  
47 State. LME/MCOs shall manage and control these local inpatient psychiatric beds or bed days,  
48 including the determination of the specific local hospital or State psychiatric hospital to which  
49 an individual should be admitted pursuant to an involuntary commitment order.

50 **SECTION 9G.2.(c)** Funds to be Held in Statewide Reserve. Funds appropriated in  
51 this act to DHHS for the purchase of local inpatient psychiatric beds or bed days shall not be

1 allocated to LME/MCOs but shall be held in a statewide reserve at the Division of Mental Health,  
2 Developmental Disabilities, and Substance Use Services to pay for services authorized by the  
3 LME/MCOs and billed by the hospitals through the LME/MCOs. LME/MCOs shall remit claims  
4 for payment to DHHS within 15 working days after receipt of a clean claim from the hospital  
5 and shall pay the hospital within 30 working days after receipt of payment from DHHS.

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

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

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

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

## 35 36 **USE OF OPIOID SETTLEMENT FUNDS**

37 **SECTION 9G.3.(a)** The State Controller shall transfer the sum of fifty-seven million  
38 seventy-six thousand seven hundred seventy-three dollars (\$60,858,049) for the 2025-2026 fiscal  
39 year and the sum of fourteen million dollars (\$13,511,210) for the 2026-2027 fiscal year from  
40 funds available in the Opioid Abatement Reserve in the General Fund to the Opioid Abatement  
41 Fund established under Section 9F.1 of S.L. 2021-180. These funds are appropriated to the  
42 Department of Health and Human Services to be used as set forth in subsection (b) of this  
43 section. In addition to these uses, the Department of Health and Human Services may use up to  
44 one million fifty thousand dollars (\$1,050,000) of funds allocated by this subdivision for each  
45 year of the fiscal biennium for administrative purposes to facilitate timely deployment and  
46 accounting of funds, for provision of training and technical assistance to community providers  
47 and to conduct required monitoring and oversight.

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



- 1 (1) To expand employment and transportation supports through innovative pilot  
2 programs in industries in North Carolina that suffered the greatest job losses  
3 as a result of Hurricane Helene and are most relied upon by individuals  
4 recovering from opioid use disorders to reenter the workforce, such as the food  
5 service industry, the hotel and lodging industry, and the entertainment  
6 industry. These funds may be used to support all of the following:
- 7 a. Employment support services for individuals in recovery from opioid  
8 use disorder, such as job application support and placement with  
9 partnering employers, with emphasis on supporting innovative pilot  
10 programs to develop a more robust workforce in rural areas of the  
11 State.
  - 12 b. Training and development funding to encourage a consortium of  
13 public and private employers, workforce development boards, and  
14 vocational services providers to develop workplace recovery friendly  
15 ecosystems.
  - 16 c. Transportation support services to enable individuals recovering from  
17 opioid use disorder to travel to their places of treatment and their  
18 places of employment.
- 19 (2) To support individuals with opioid use disorder who are involved in the  
20 criminal justice system through programs and initiatives designed to  
21 accomplish any one or more of the following:
- 22 a. Establishment or expansion of existing prearrest and post-arrest  
23 diversion programs. This includes prearrest diversion, post-arrest  
24 diversion, and court-based diversion through treatment or recovery  
25 courts.
  - 26 b. Establishment, expansion, or sustainment of medication-assisted  
27 treatment programs that provide to individuals who are incarcerated  
28 any medication approved by the United States Food and Drug  
29 Administration for opioid use disorder. Programs authorized under  
30 this sub-subdivision that are funded in whole or in part by the Opioid  
31 Abatement Fund shall be made available to individuals who were  
32 already participating in a medication-assisted treatment program prior  
33 to being incarcerated, as well as to individuals who initiate  
34 medication-assisted treatment during their incarceration to address an  
35 opioid use disorder.
  - 36 c. Creation or expansion of reentry programs to connect individuals  
37 exiting incarceration with harm reduction, treatment, and recovery  
38 supports.
- 39 (3) To expand evidence-based treatment supports and to improve connections to  
40 care, especially for individuals hospitalized for overdose who are uninsured  
41 or underinsured, through the following activities or initiatives:
- 42 a. Evidence-based addiction treatment, including medication-assisted  
43 treatment provided by inpatient or outpatient opioid treatment  
44 programs.
  - 45 b. Expanded access to cost-effective, low-cost, or no-cost  
46 medication-assisted treatment in community-based settings.
  - 47 c. Expanded care management services, including the use of peer support  
48 specialists and care navigators in local health departments, detention  
49 facilities, local departments of social services, and community-based  
50 settings. Any funding provided pursuant to this sub-subdivision shall  
51 be used to provide care management services involving outreach to,

- 1 engagement with, and coordination for individuals to assist them with  
2 accessing opioid use disorder treatment.
- 3 d. Improve access to medications for opioid use disorder and other  
4 clinical and recovery services through deployment of mobile opioid  
5 treatment program units.
- 6 (4) To develop evidence-based supportive housing services, such as Housing  
7 First, that are inclusive of individuals with substance use disorders. Qualifying  
8 services that may be funded under this subdivision include the following:
- 9 a. Providing a move-in deposit, rental or utility assistance, or all of these  
10 for individuals with substance use disorders who are in recovery or  
11 transitioning from residential treatment or incarceration.
- 12 b. Providing community training sessions on tenancy rights and  
13 responsibilities.
- 14 c. Establishing relationships with landlords to encourage the elimination  
15 of preconditions for housing and to reduce potential incidences of  
16 evictions due to substance misuse.
- 17 d. Providing other housing-related supports such as tents, sleeping bags,  
18 or other supplies for outdoor living.
- 19 e. Funding or otherwise supporting recovery supported housing that  
20 accepts individuals who are utilizing any medication approved by the  
21 United States Food and Drug Administration for the treatment of  
22 opioid use disorder.
- 23 (5) To expand community based, peer, and collegiate recovery programs  
24 providing recovery support services to individuals who have achieved or are  
25 aiming to achieve recovery from opioid or other substance use disorders.
- 26 (6) To reduce opioid overdose deaths and improve overall health through the  
27 following:
- 28 a. Increase overdose education and provide equitable access to opioid  
29 overdose reversal medications.
- 30 b. Support evidence-based strategies to reduce overdose deaths  
31 through expansion of syringe services programs.
- 32 (7) To expand workforce development activities aimed at increasing the number  
33 of practitioners available to treat opioid and other substance use disorders.  
34 These activities include, but are not limited to:
- 35 a. Addiction medicine fellowships;
- 36 b. Scholarships for students studying addiction and committed to  
37 practicing the treatment of opioid use disorder upon completion of  
38 study; and
- 39 c. Support for universities, colleges, and healthcare practitioner training  
40 programs to embed addiction training into the general curriculum in  
41 fields of primary care, nursing, healthcare administration, social work,  
42 counseling, psychology, medicine, and other affiliated healthcare  
43 disciplines.
- 44 (8) To provide technical assistance to community organizations who have  
45 received grant funding from the Opioid Abatement Fund to develop and  
46 implement community programs and to the LME/MCOs that maximize  
47 funding and achieve the best outcomes in their communities. Technical  
48 assistance will include support in utilizing evidence-based practices,  
49 budgeting, data collection and overall capacity building to ensure ongoing  
50 viability of needed community programs.

- 1 (9) To collect data and evaluate programs to inform program planning and quality  
2 improvement, and create data dashboards.  
3

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

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

8 "~~The Opioid Abatement Reserve (Reserve) is established in the General Fund to~~  
9 ~~maintain funds~~ Starting in the 2026-27 fiscal year, funds received by the State as a beneficiary  
10 of the final consent judgment resolving the case, State of North Carolina, ex rel. Joshua H. Stein,  
11 Plaintiff v. McKinsey and Company, Inc., in the General Court of Justice, Superior Court  
12 Division, Wake County and County, ~~(ii)~~ any other funds received by the State as a result of a  
13 settlement, as defined in G.S. 114-2.4A, relating to claims regarding the manufacturing,  
14 marketing, distribution, dispensing, or sale of opioids, and ~~(iii)~~ funds received by the State as a  
15 beneficiary of a confirmation order by a bankruptcy court relating to claims regarding the  
16 manufacturing, marketing, distribution, dispensing, or sale of opioids- shall be appropriated  
17 directly to the Opioid Abatement Fund, established in Section 9F.1.(a) of S.L. 2021-180."  
18

19 **PART IX-H. PUBLIC HEALTH**

20  
21 **LOCAL HEALTH DEPARTMENTS/COMPETITIVE GRANT PROCESS TO**  
22 **IMPROVE MATERNAL AND CHILD HEALTH**

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

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

- 26 (1) A request for application (RFA) process to allow local health departments to  
27 apply for and receive State funds on a competitive basis. The Department shall  
28 require local health departments to include in the application a plan to evaluate  
29 the effectiveness, including measurable impact or outcomes, of the activities,  
30 services, and programs for which the funds are being requested.  
31 (2) A requirement that the Secretary prioritize grant awards to those local health  
32 departments that are able to leverage non-State funds in addition to the grant  
33 award.  
34 (3) Ensures that funds received by the Department to implement the plan  
35 supplement and do not supplant existing funds for maternal and child health  
36 initiatives.  
37 (4) Allows grants to be awarded to local health departments for up to ~~two~~three  
38 years."  
39

40 **USE OF JUUL SETTLEMENT FUNDS**

41 **SECTION 9H.2.(a)** There is appropriated from the Youth Electronic Nicotine  
42 Dependence Abatement Fund created in Section 9G.10(a) of S.L. 2021-180 to the Department of  
43 Health and Human Services, Division of Public Health (DPH), three million two hundred fifty  
44 thousand dollars (\$3,250,000) in nonrecurring funds for the 2025-2026 fiscal year and the sum  
45 of two million seven hundred fifty thousand dollars (\$2,750,000) in nonrecurring funds for the  
46 2026-2027 fiscal year to be allocated and used as follows:

- 47 (1) Up to seven hundred fifty thousand dollars (\$750,000) in nonrecurring funds  
48 for each year of the 2025-2027 fiscal biennium shall be used to support data  
49 monitoring to track tobacco/nicotine use and exposure among youth and  
50 young adults and populations at risk; for independent evaluation of the reach,  
51 effectiveness, and outcomes of the State's evidence based programs designed

1 to help youth addicted to nicotine through electronic cigarettes and other new  
2 and emerging tobacco and nicotine products quit; and to prepare the report  
3 required by subsection (c) of this section.

- 4 (2) The remainder of these allocated funds for each year of the 2025-2027 fiscal  
5 biennium shall be used to fund evidence-based electronic cigarette and  
6 nicotine dependence prevention and cessation activities targeting children,  
7 youth, and young adults.

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

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

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

## 23 24 **LOCAL MEDICAL EXAMINER FEES**

25 **SECTION 9H.3** G.S. 130A-387 reads as rewritten:

26 "**§ 130A-387. Fees.** For each investigation and prompt filing of the required report, the medical  
27 examiner shall receive a fee paid by the State. However, if the deceased is a resident  
28 of the county in which the death or fatal injury occurred, that county shall pay the fee.  
29 The fee shall be ~~two hundred dollars (\$200.00)~~ four hundred dollars (\$400.00)."  
30

## 31 **PART IX-I. SERVICES FOR THE BLIND/DEAF/HARD OF HEARING [RESERVED]**

## 32 33 **PART IX-J. SOCIAL SERVICES**

### 34 35 **TANF BENEFIT IMPLEMENTATION**

36 **SECTION 9J.1.(a)** Beginning October 1, 2025, the General Assembly approves the  
37 plan titled "North Carolina Temporary Assistance for Needy Families State Plan FFY 2026-  
38 2028," prepared by the Department of Health and Human Services and presented to the General  
39 Assembly. The North Carolina Temporary Assistance for Needy Families State Plan covers the  
40 period of October 1, 2025, through September 30, 2028. The Department shall submit the State  
41 Plan, as revised in accordance with subsection (b) of this section, to the United States Department  
42 of Health and Human Services.

43 **SECTION 9J.1.(b)** The counties approved as Electing Counties in the North  
44 Carolina Temporary Assistance for Needy Families State Plan FFY 2026-2028, as approved by  
45 this section, are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

46 **SECTION 9J.1.(c)** Counties that submitted the letter of intent to remain as an  
47 Electing County or to be redesignated as an Electing County and the accompanying county plan  
48 for years 2026 through 2028, pursuant to G.S. 108A-27(e), shall operate under the Electing  
49 County budget requirements effective July 1, 2025. For programmatic purposes, all counties  
50 referred to in this subsection shall remain under their current county designation through  
51 September 30, 2028.

1           **SECTION 9J.1.(d)** For each year of the 2025-2027 fiscal biennium, Electing  
2 Counties shall be held harmless to their Work First Family Assistance allocations for the 2024-  
3 2025 fiscal year, provided that remaining funds allocated for Work First Family Assistance and  
4 Work First Diversion Assistance are sufficient for payments made by the Department on behalf  
5 of Standard Counties pursuant to G.S. 108A27.11(b).

6           **SECTION 9J.1.(e)** In the event that departmental projections of Work First Family  
7 Assistance and Work First Diversion Assistance for the 2025-2026 fiscal year or the 2026-2027  
8 fiscal year indicate that remaining funds are insufficient for Work First Family Assistance and  
9 Work First Diversion Assistance payments to be made on behalf of Standard Counties, the  
10 Department is authorized to deallocate funds, of those allocated to Electing Counties for Work  
11 First Family Assistance in excess of the sums set forth in G.S. 108A-27.11, up to the requisite  
12 amount for payments in Standard Counties. Prior to deallocation, the Department shall obtain  
13 approval by the Office of State Budget and Management. If the Department adjusts the allocation  
14 set forth in subsection (d) of this section, then a report shall be made to the Joint Legislative  
15 Oversight Committee on Health and Human Services and the Fiscal Research Division.

16  
17 **INTENSIVE FAMILY PRESERVATION SERVICES FUNDING, PERFORMANCE**  
18 **ENHANCEMENTS, AND REPORT**

19           **SECTION 9J.2.(a)** Notwithstanding the provisions of G.S. 143B-150.6, the  
20 Intensive Family Preservation Services (IFPS) Program shall provide intensive services to  
21 children and families in cases of abuse, neglect, and dependency where a child is at imminent  
22 risk of removal from the home and to children and families in cases of abuse where a child is not  
23 at imminent risk of removal. The Program shall be implemented statewide on a regional basis.  
24 The IFPS shall ensure the application of standardized assessment criteria for determining  
25 imminent risk and clear criteria for determining out-of-home placement.

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

- 29           (1) An established follow-up system with a minimum of six months of follow-up  
30 services.
- 31           (2) Detailed information on the specific interventions applied, including  
32 utilization indicators and performance measurement.
- 33           (3) Cost-benefit data.
- 34           (4) Data on long-term benefits associated with IFPS. This data shall be obtained  
35 by tracking families through the intervention process.
- 36           (5) The number of families remaining intact and the associated interventions  
37 while in IFPS and 12 months thereafter.
- 38           (6) The number and percentage, by race, of children who received IFPS compared  
39 to the ratio of their distribution in the general population involved with Child  
40 Protective Services.

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

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

49  
50 **CHILD CARING INSTITUTIONS**

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

7  
8           **USE FOSTER CARE BUDGET FOR GUARDIANSHIP ASSISTANCE PROGRAM**

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

26  
27           **CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM (NC REACH)**

28           **SECTION 9J.5.(a)** Funds appropriated in this act from the General Fund to the  
29 Department of Health and Human Services for the child welfare postsecondary support program  
30 shall be used to continue providing assistance with the "cost of attendance" as that term is defined  
31 in 20 U.S.C. § 1087*ll* for the educational needs of foster youth aging out of the foster care system,  
32 youth who exit foster care to a permanent home through the Guardianship Assistance Program  
33 (GAP), or special needs children adopted from foster care after age 12. These funds shall be  
34 allocated by the State Education Assistance Authority.

35           **SECTION 9J.5.(b)** Of the funds appropriated in this act from the General Fund to  
36 the Department of Health and Human Services, the sum of fifty thousand dollars (\$50,000) for  
37 each year of the 2025-2027 fiscal biennium shall be allocated to the North Carolina State  
38 Education Assistance Authority (SEAA). The SEAA shall use these funds only to perform  
39 administrative functions necessary to manage and distribute scholarship funds under the child  
40 welfare postsecondary support program.

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

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

50  
51           **FEDERAL CHILD SUPPORT INCENTIVE PAYMENTS**

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

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

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

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

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

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

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

## 46 **SUCCESSFUL TRANSITION/FOSTER CARE YOUTH**

47           **SECTION 9J.7.** The Foster Care Transitional Living Initiative Fund shall continue  
48 to fund and support transitional living services that demonstrate positive outcomes for youth,  
49 attract significant private sector funding, and lead to the development of evidence-based  
50 programs to serve the at-risk population described in this section. The Fund shall continue to  
51

1 support a demonstration project with services provided by Youth Villages to (i) improve  
2 outcomes for youth ages 17-21 years who transition from foster care through implementation of  
3 outcome-based Transitional Living Services, (ii) identify cost-savings in social services and  
4 juvenile and adult correction services associated with the provision of Transitional Living  
5 Services to youth aging out of foster care, and (iii) take necessary steps to establish an  
6 evidence-based transitional living program available to all youth aging out of foster care. In  
7 continuing to implement these goals, the Foster Care Transitional Living Initiative Fund shall  
8 support the following strategies:

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

33  
34 **PART IX-K. DIVISION OF EMPLOYMENT AND INDEPEDENCE FOR PEOPLE**  
35 **WITH DISABILITIES [RESERVED]**

36  
37 **PART IX-L. DHHS BLOCK GRANTS**

38  
39 **DHHS BLOCK GRANTS**

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

43  
44 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS** **FY 2025-2026** **FY 2026-2027**

45  
46 **Local Program Expenditures**

47  
48 **Division of Social Services**

49  
50  
51 01. Work First Family Assistance \$31,259,794 \$31,259,794



1			
2	02. Work First County Block Grants	80,093,566	80,093,566
3			
4	03. Work First Electing Counties	2,378,213	2,378,213
5			
6	04. Adoption Services – Special Children		
7	Adoption Fund	4,001,676	4,001,676
8			
9	05. Child Protective Services – Child Welfare		
10	Workers for Local DSS	11,387,190	11,387,190
11			
12	06. Child Welfare Program Improvement Plan	775,176	775,176
13			
14	07. Child Welfare Collaborative	400,000	400,000
15			
16	08. Child Welfare Initiatives	2,900,000	2,900,000
17			
18	<b>Division of Child Development and Early Education</b>		
19			
20	09. Subsidized Child Care Program	45,813,694	45,813,694
21			
22	10. Swap-Child Care Subsidy	12,600,000	12,600,000
23			
24	11. NC Pre-K Services	68,300,000	68,300,000
25			
26	<b>Division of Public Health</b>		
27			
28	12. Teen Pregnancy Prevention Initiatives	3,538,541	3,538,541
29			
30	<b>DHHS Administration</b>		
31			
32	13. Division of Social Services	2,478,284	2,478,284
33			
34	14. Division of Child and Family Well Being	3,976	3,976
35			
36	15. Office of the Secretary	34,042	34,042
37			
38	16. Eligibility Systems – Operations and		
39	Maintenance	431,733	431,733
40			
41	17. NC FAST Implementation	428,239	428,239
42			
43	18. Division of Social Services – Workforce		
44	Innovation & Opportunity Act (WIOA)	93,216	93,216
45			
46	19. Division of Social Services TANF Modernization	2,000,000	2,000,000
47			
48	<b>Transfers to Other Block Grants</b>		
49			
50	<b>Division of Child Development and Early Education</b>		
51			

1	20. Transfer to the Child Care and Development Fund	21,773,001	21,773,001
2			
3	<b>Division of Social Services</b>		
4			
5	21. Transfer to Social Services Block		
6	Grant for Child Protective Services – Training	285,612	285,612
7			
8	22. Transfer to Social Services Block		
9	Grant for Child Protective Services	5,040,000	5,040,000
10			
11	23. Transfer to Social Services Block		
12	Grant for County Departments of		
13	Social Services for Children's Services	13,166,244	13,166,244
14			
15	24. Transfer to Social Services Block		
16	Grant – Foster Care Services	3,422,219	3,422,219
17			
18	25. Transfer to Social Services Block	1,582,000	1,582,000
19	Grant – Child Advocacy Centers		
20			
21	<b>TOTAL TEMPORARY ASSISTANCE FOR</b>		
22	<b>NEEDY FAMILIES (TANF) FUNDS</b>	<b>\$314,186,416</b>	<b>\$314,186,416</b>
23			
24	<b>TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)</b>		
25	<b>EMERGENCY CONTINGENCY FUNDS</b>		
26			
27	<b>Local Program Expenditures</b>		
28			
29	<b>Division of Child Development and Early Education</b>		
30			
31	01. Subsidized Child Care	\$34,337,395	\$34,337,395
32			
33	<b>TOTAL TEMPORARY ASSISTANCE FOR</b>		
34	<b>NEEDY FAMILIES (TANF) EMERGENCY</b>		
35	<b>CONTINGENCY FUNDS</b>	<b>\$34,337,395</b>	<b>\$34,337,395</b>
36			
37	<b>SOCIAL SERVICES BLOCK GRANT</b>		
38			
39	<b>Local Program Expenditures</b>		
40			
41	<b>Divisions of Social Services and Aging and Adult Services</b>		
42			
43	01. County Departments of Social Services	\$19,837,388	\$19,837,388
44			
45	02. County Departments of Social Services		
46	(Transfer From TANF)	13,166,244	13,166,244
47			
48	03. EBCI Tribal Public Health and Human Services	244,740	244,740
49			
50	04. Child Protective Services		
51	(Transfer From TANF)	5,040,000	5,040,000

1			
2	05. State In-Home Services Fund	1,943,950	1,943,950
3			
4	06. Adult Protective Services	3,864,547	2,138,404
5			
6	07. State Adult Day Care Fund	1,994,084	1,994,084
7			
8	08. Child Protective Services/CPS		
9	Investigative Services – Child Medical		
10	Evaluation Program	901,868	901,868
11			
12	09. Special Children Adoption Incentive Fund	462,600	462,600
13			
14	10. Child Protective Services – Child		
15	Welfare Training for Counties		
16	(Transfer From TANF)	285,612	285,612
17			
18	11. Home and Community Care Block		
19	Grant (HCCBG)	2,696,888	2,696,888
20			
21	12. Child Advocacy Centers		
22	(Transfer from TANF)	1,582,000	1,582,000
23			
24	13. Guardianship – Division of Social Services	1,802,671	1,802,671
25			
26	14. Foster Care Services		
27	(Transfer From TANF)	3,422,219	3,422,219
28			
29	14A. Big Brothers Big Sisters of the Triangle, Inc.	350,000	350,000
30			
31	<b>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>		
32			
33	15. Mental Health Services – Adult and		
34	Child/Developmental Disabilities Program/		
35	Substance Abuse Services – Adult	4,149,595	4,149,595
36			
37	15A. Autism Society of North Carolina, Inc.	2,541,392	2,541,392
38			
39	15B. The Arc of North Carolina, Inc.	271,074	271,074
40			
41	15C. Easterseals UCP North Carolina & Virginia, Inc.	1,612,059	1,612,059
42			
43	<b>DHHS Program Expenditures</b>		
44			
45	<b>Division of Services for the Blind</b>		
46			
47	16. Independent Living Program & Program Oversight	4,237,849	4,237,849
48			
49	<b>Division of Health Service Regulation</b>		
50			
51	17. Adult Care Licensure Program	891,520	891,520

1			
2	18. Mental Health Licensure and		
3	Certification Program	266,158	266,158
4			
5	<b>Division of Social Services</b>		
6			
7	19. Guardianship	3,825,443	3,825,443
8			
9	<b>DHHS Administration</b>		
10			
11	20. Division of Aging and Adult Services	188,787	188,787
12			
13	21. Division of Social Services	1,724,551	1,724,551
14			
15	22. Office of the Secretary/Controller's Office	673,990	673,990
16			
17	23. Legislative Increases/Fringe Benefits	293,655	587,310
18			
19	24. Division of Child Development and		
20	Early Education	13,878	13,878
21			
22	25. Division of Mental Health, Developmental		
23	Disabilities, and Substance Abuse Services	29,966	29,966
24			
25	26. Division of Health Service Regulation	592,882	592,882
26			
27	<b>TOTAL SOCIAL SERVICES BLOCK GRANT</b>	<b>\$78,907,610</b>	<b>\$77,475,122</b>
28			
29	<b>LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT</b>		
30			
31	<b>Local Program Expenditures</b>		
32			
33	<b>Division of Social Services</b>		
34			
35	01. Low-Income Energy Assistance		
36	Program (LIEAP)	\$56,369,281	\$56,369,281
37			
38	02. Crisis Intervention Program (CIP)	44,804,354	44,804,354
39			
40	<b>Local Administration</b>		
41			
42	<b>Division of Social Services</b>		
43			
44	03. County DSS Administration	8,037,889	8,037,889
45			
46	<b>DHHS Administration</b>		
47			
48	<b>Division of Central Management and Support</b>		
49			
50	04. Administration	10,000	10,000
51			

1	05. Energy Portal (FIS Transaction Fees)	25,000	25,000
2			
3	06. Office of the Secretary/ Division of Information Resource		
4	Management (DIRM) (Accountable Results for		
5	Community Action (AR4CA) Replacement System)	166,750	166,750
6			
7	07. Office of the Secretary/DIRM	278,954	278,954
8			
9	08. Office of the Secretary/Controller's Office	18,378	18,378
10			
11	09. NC FAST Development	627,869	627,869
12			
13	10. NC FAST Operations and Maintenance	1,330,323	1,330,323
14			
15	<b>Transfers to Other State Agencies</b>		
16			
17	<b>Department of Environmental Quality</b>		
18			
19	11. Weatherization Program	10,356,943	10,356,943
20			
21	12. Heating Air Repair and Replacement		
22	Program (HARRP)	5,898,508	5,898,508
23			
24	13. Local Residential Energy Efficiency Service		
25	Providers – Weatherization	574,945	574,945
26			
27	14. Local Residential Energy Efficiency Service		
28	Providers – HARRP	319,414	319,414
29			
30	15. DEQ – Weatherization Administration	628,180	628,180
31			
32	16. DEQ – HARRP Administration	393,944	393,944
33			
34	<b>Department of Administration</b>		
35			
36	17. N.C. Commission on Indian Affairs	87,736	87,736
37			
38	<b>TOTAL LOW-INCOME ENERGY</b>		
39	<b>ASSISTANCE BLOCK GRANT</b>	<b>\$129,928,468</b>	<b>\$129,928,468</b>
40			
41	<b>CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT</b>		
42			
43	<b>Local Program Expenditures</b>		
44			
45	<b>Division of Child Development and Early Education</b>		
46			
47	01. Child Care Services	\$471,880,848	\$411,280,848
48			
49	02. Smart Start Subsidy	7,392,654	7,392,654
50			
51	03. Transfer from TANF Block Grant		

1	for Child Care Subsidies	21,773,001	21,773,001
2			
3	04. Quality and Availability Initiatives		
4	(TEACH Program \$3,800,000)	85,830,526	66,430,526
5			
6	<b>DHHS Administration</b>		
7			
8	<b>Division of Child Development and Early Education</b>		
9			
10	05. DCDEE Administrative Expenses	12,710,886	12,710,886
11			
12	06. Indirect Cost	7,346	7,346
13			
14	<b>Division of Social Services</b>		
15			
16	07. Direct Deposit for Child Care Payments	5,000	5,000
17			
18	08. Local Subsidized Child Care		
19	Services Support	18,780,355	18,780,355
20			
21	<b>Division of Central Management and Support</b>		
22			
23	09. NC FAST Operations and Maintenance	1,450,316	1,450,316
24			
25	10. DHHS Central Administration – DIRM		
26	Technical Services	1,029,762	1,029,762
27			
28	11. DHHS Central Administration	118,000	118,000
29			
30	<b>Division of Child and Family Well-Being</b>		
31			
32	12. Child Care Health Consultation Contracts	62,205	62,205
33			
34	<b>TOTAL CHILD CARE AND DEVELOPMENT</b>		
35	<b>FUND BLOCK GRANT</b>	<b>\$621,040,899</b>	<b>\$541,040,899</b>
36			
37	<b>MENTAL HEALTH SERVICES BLOCK GRANT</b>		
38			
39	<b>Local Program Expenditures</b>		
40			
41	01. Mental Health Services – Child	\$2,477,666	\$2,477,666
42			
43	02. Mental Health Services – Adult/Child	23,420,169	15,467,497
44			
45	03. Mental Health Services – First		
46	Psychotic Symptom Treatment	5,416,756	3,000,000
47			
48	04. Child Behavioral Health (Division of Child		
49	and Family Well-Being)	5,246,350	5,246,350
50			
51	<b>DHHS Administration</b>		

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**Division of Child and Family Well Being**

05. Administration 140,000 140,000

**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

**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

05. Veterans Initiatives 250,000 250,000

**DHHS Administration**

**Division of Mental Health, Developmental Disabilities, and Substance Use Services**

06. Administration 2,297,852 2,297,852

07. Controlled Substance Reporting System  
Enhancement 675,000 675,000

**TOTAL SUBSTANCE ABUSE PREVENTION**

**AND TREATMENT BLOCK GRANT \$60,158,870 \$60,158,870**

1	<b>MATERNAL AND CHILD HEALTH BLOCK GRANT</b>		
2			
3	<b>Local Program Expenditures</b>		
4			
5	<b>Division of Child and Family Well-Being</b>		
6			
7	Children’s Health Services	\$5,453,930	\$5,453,930
8			
9	<b>Division of Public Health</b>		
10			
11	02. Women’s and Children’s Health Services	11,646,618	11,646,618
12			
13	03. Oral Health	58,413	58,413
14			
15	04. Evidence-Based Programs in Counties		
16	With Highest Infant Mortality Rates	1,727,307	1,727,307
17			
18	<b>DHHS Program Expenditures</b>		
19			
20	05. Children's Health Services	1,287,619	1,287,619
21			
22	06. Women's Health – Maternal Health	489,568	489,568
23			
24	07. Women's and Children's Health – Perinatal		
25	Strategic Plan Support Position	81,112	81,112
26			
27	08. State Center for Health Statistics	158,583	158,583
28			
29	09. Health Promotion – Injury and		
30	Violence Prevention	87,271	87,271
31			
32	<b>DHHS Administration</b>		
33			
34	11. Division of Public Health Administration	340,646	340,646
35			
36	11. Division of Child and Family Well Being		
37	Administration	211,925	211,925
38			
39	<b>TOTAL MATERNAL AND CHILD</b>		
40	<b>HEALTH BLOCK GRANT</b>	<b>\$21,542,992</b>	<b>\$21,542,992</b>
41			
42	<b>PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT</b>		
43			
44	<b>Local Program Expenditures</b>		
45			
46	01. Physical Activity and Prevention	\$3,081,442	\$3,081,442
47			
48	<b>DHHS Program Expenditures</b>		
49			
50	<b>Division of Public Health</b>		
51			



1	02. HIV/STD Prevention and		
2	Community Planning	135,063	135,063
3			
4	03. Oral Health Preventive Services	150,000	150,000
5			
6	04. Injury and Violence Prevention		
7	(Services to Rape Victims – Set-Aside)	217,935	217,935
8			
9	05. Performance Improvement and		
10	Accountability	1,384,421	1,199,557
11			
12	06. State Center for Health Statistics	48,000	48,000
13			
14	<b>DHHS Administration</b>		
15			
16	<b>Division of Public Health</b>		
17			
18	07. Division of Public Health	65,000	65,000
19			
20	<b>TOTAL PREVENTIVE HEALTH AND HEALTH</b>		
21	<b>SERVICES BLOCK GRANT</b>	<b>\$5,081,861</b>	<b>\$4,896,997</b>
22			
23	<b>COMMUNITY SERVICES BLOCK GRANT</b>		
24			
25	01. Community Action Agencies	\$22,260,015	\$21,438,318
26			
27	02. Limited Purpose Agencies/Discretionary Funding	615,037	549,638
28			
29	03. Office of Economic Opportunity	1,070,001	1,024,351
30			
31	04. Office of the Secretary/DIRM (Accountable Results		
32	For Community Action (AR4CA) Replacement		
33	System)	394,964	414,713
34			
35	05. Office of Economic Opportunity – Workforce		
36	Investment Opportunities Act (WIOA)	60,000	60,000
37			
38	<b>TOTAL COMMUNITY SERVICES</b>		
39	<b>BLOCK GRANT</b>	<b>\$24,400,017</b>	<b>\$23,487,020</b>
40			

41 **GENERAL PROVISIONS**

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

- 45 (1) A delineation of the proposed allocations by program or activity, including
- 46 State and federal match requirements.
- 47 (2) A delineation of the proposed State and local administrative expenditures.
- 48 (3) An identification of all new positions to be established through the Block
- 49 Grant, including permanent, temporary, and time-limited positions.

- 1 (4) A comparison of the proposed allocations by program or activity with two
- 2 prior years' program and activity budgets and two prior years' actual program
- 3 or activity expenditures.
- 4 (5) A projection of current year expenditures by program or activity.
- 5 (6) A projection of federal Block Grant funds available, including unspent federal
- 6 funds from the current and prior fiscal years.
- 7 (7) The required amount of maintenance of effort and the amount of funds
- 8 qualifying for maintenance of effort in the previous year delineated by
- 9 program or activity.

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

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

23 Notwithstanding the provisions of this subsection, for fiscal years 2025-2026 and  
24 2026-2027, increases in the federal fund availability for the Temporary Assistance to Needy  
25 Families (TANF) Block Grant shall be used only for the North Carolina Child Care Subsidy  
26 program to pay for child care and shall not be used to supplant State funds.

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

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

36 **SECTION 9L.1.(e)** Except as otherwise provided in subsection (e1) of this section,  
37 all changes to the budgeted allocations to the Block Grants or contingency funds and other grants  
38 related to existing Block Grants administered by the Department of Health and Human Services  
39 that are not specifically addressed in this section shall be approved by the Office of State Budget  
40 and Management. The Office of State Budget and Management shall not approve funding for  
41 new programs or activities not appropriated in this section The Office of State Budget and  
42 Management shall consult with the Joint Legislative Oversight Committee on Health and Human  
43 Services for review prior to implementing any changes. In consulting, the report shall include an  
44 itemized listing of affected programs, including associated changes in budgeted allocations. All  
45 changes to the budgeted allocations to the Block Grants shall be reported immediately to the Joint  
46 Legislative Oversight Committee on Health and Human Services and the Fiscal Research  
47 Division. This subsection does not apply to Block Grant changes caused by legislative salary  
48 increases and benefit adjustments.

49 **SECTION 9L.1.(e)** The Department of Health and Human Services shall have the  
50 authority to realign appropriated funds under subsection (a) of this section for Item 01 or 02 in  
51 the Maternal and Child Health Block Grant to maintain federal compliance and programmatic

1 alignment, so long as the realignment does not result in a reduction of funds designated for  
2 subrecipients under subsection (a) of this section. The Department of Health and Human Services  
3 is authorized to realign appropriated funds between the Maternal and Child Health Block Grant  
4 categories as provided in this subsection without prior consultation with the Joint Legislative  
5 Oversight Committee on Health and Human Services or without exceeding the total amount  
6 appropriated for the items.

7 **SECTION 9L.1.(f)** Except as otherwise provided, the Department of Health and  
8 Human Services shall have flexibility to transfer funding between the Temporary Assistance for  
9 Needy Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block Grant  
10 so long as the total allocation for the line items within those Block Grants remains the same.  
11

## 12 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS**

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

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

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

35 **SECTION 9L.1.(i)** The sum of four million one thousand six hundred seventy-six  
36 dollars (\$4,001,676) for each year of the 2025-2027 fiscal biennium appropriated in this act in  
37 TANF funds to the Department of Health and Human Services, Special Children Adoption Fund,  
38 shall be used in accordance with G.S. 108A-50.2. The Division of Social Services, in consultation  
39 with the North Carolina Association of County Directors of Social Services and representatives  
40 of licensed private adoption agencies, shall develop guidelines for the awarding of funds to  
41 licensed public and private adoption agencies upon the adoption of children described in  
42 G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund  
43 by participating agencies shall be used exclusively to enhance the adoption services program. No  
44 local match shall be required as a condition for receipt of these funds.

45 **SECTION 9L.1.(j)** The sum of two million nine hundred thousand dollars  
46 (\$2,900,000) appropriated in this act in TANF funds to the Department of Health and Human  
47 Services, Division of Social Services, for each fiscal year of the 2025-2027 fiscal biennium shall  
48 be used for child welfare initiatives to (i) enhance the skills of social workers to improve the  
49 outcomes for families and children involved in child welfare and (ii) enhance the provision of  
50 services to families in their homes in the least restrictive setting.  
51

1 **SOCIAL SERVICES BLOCK GRANT**

2 **SECTION 9L.1.(k)** The sum of nineteen million eight hundred thirty-seven  
3 thousand three hundred eighty-eight dollars (\$19,837,388) for the 2025-2026 fiscal year and the  
4 sum of nineteen million eight hundred thirty-seven thousand three hundred eighty-eight dollars  
5 (\$19,837,388) for the 2026-2027 fiscal year appropriated in this act in the Social Services Block  
6 Grant to the Department of Health and Human Services, Division of Social Services, and the sum  
7 of thirteen million one hundred sixty-six thousand two hundred forty-four dollars (\$13,166,244)  
8 for the 2025-2026 fiscal year and the sum of thirteen million one hundred sixty-six thousand two  
9 hundred forty-four dollars (\$13,166,244) for the 2026-2027 fiscal year transferred from funds  
10 appropriated in the TANF Block Grant shall be used for county Block Grants. The Division shall  
11 certify these funds in the appropriate State-level services based on prior year actual expenditures.  
12 The Division has the authority to realign the authorized budget for these funds, as well as State  
13 Social Services Block Grant funds, among the State-level services based on current year actual  
14 expenditures.

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

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

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

28 **SECTION 9L.1.(o)** The sum of five million forty thousand dollars (\$5,040,000)  
29 appropriated in this act in the Social Services Block Grant for each fiscal year of the 2025-2027  
30 fiscal biennium transferred from funds appropriated in the TANF Block Grant shall be allocated  
31 to the Department of Health and Human Services, Division of Social Services. The Division shall  
32 allocate these funds to local departments of social services to replace the loss of Child Protective  
33 Services State funds that are currently used by county governments to pay for Child Protective  
34 Services staff at the local level. These funds shall be used to maintain the number of Child  
35 Protective Services workers throughout the State. These Social Services Block Grant funds shall  
36 be used to pay for salaries and related expenses only and are exempt from 10A NCAC 71R  
37 .0201(3) requiring a local match of twenty-five percent (25%).

38 **SECTION 9L.1.(p)** The sum of one million five hundred eighty-two thousand  
39 dollars (\$1,582,000) appropriated in this act in the Social Services Block Grant for each fiscal  
40 year of the 2025-2027 fiscal biennium to the Department of Health and Human Services, Division  
41 of Social Services, shall be used to continue support for the Child Advocacy Centers. These funds  
42 are exempt from the provisions of 10A NCAC 71R .0201(3).

43 **SECTION 9L.1.(q)** The sum of three million eight hundred twenty-five thousand  
44 four hundred forty-three dollars (\$3,825,443) for each fiscal year of the 2025-2027 fiscal  
45 biennium appropriated in this act in the Social Services Block Grant to the Department of Health  
46 and Human Services, Division of Social Services, shall be used for guardianship services  
47 pursuant to Chapter 35A of the General Statutes. The Department may expend funds allocated in  
48 this section to support existing corporate guardianship contracts during the 2025-2026 and 2026-  
49 2027 fiscal years.

50 **SECTION 9L.1.(r)** Of the three million eight hundred sixty-four thousand five  
51 hundred forty-seven dollars (\$3,864,547) in the 2025-2026 fiscal year and two million one

1 hundred thirty-eight thousand four hundred four dollars (\$2,138,404) for the 2026-2027  
2 fiscal year appropriated in this act in the Social Services Block Grant to the Division of Aging  
3 and Adult Services for Adult Protective Services for each year of the 2025-2027 fiscal biennium,  
4 the sum of eight hundred ninety-three thousand forty-one dollars (\$893,041) for each year of the  
5 2025-2027 fiscal biennium shall be used to increase the number of Adult Protective Services  
6 workers where these funds can be the most effective. These funds shall be used to pay for salaries  
7 and related expenses and shall not be used to supplant any other source of funding for staff. These  
8 funds are also exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five  
9 percent (25%).

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

- 15 (1) The sum of three hundred fifty thousand dollars (\$350,000) for each fiscal  
16 year of the 2025-2027 fiscal biennium for Big Brothers Big Sisters of the  
17 Triangle, Inc.
- 18 (2) The sum of two million five hundred forty-one thousand three hundred ninety-  
19 two dollars (\$2,541,392) for each fiscal year of the 2025-2027 fiscal biennium  
20 for Autism Society of North Carolina, Inc.
- 21 (3) The sum of two hundred seventy-one thousand seventy-four dollars  
22 (\$271,074) for each fiscal year of the 2025-2027 fiscal biennium for The Arc  
23 of North Carolina, Inc.
- 24 (4) The sum of one million six hundred twelve thousand fifty-nine dollars  
25 (\$1,612,059) for each fiscal year of the 2025-2027 fiscal biennium for  
26 Easterseals UCP of North Carolina & Virginia, Inc.

## 27 **LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT**

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

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

48 County departments of social services shall submit to the Division of Social Services  
49 an outreach plan for targeting households with 60-year-old household members no later than  
50 August 1 of each year. The outreach plan shall comply with the following:  
51

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

## 11 **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

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

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

## 20 **COMMUNITY MENTAL HEALTH SERVICES BLOCK GRANT**

21 **SECTION 9L.1.(x)** The sum of five million four hundred sixteen thousand seven  
22 hundred fifty-six dollars (\$5,416,756) for the 2025-2026 fiscal year and three million dollars  
23 (\$3,000,000) for the 2026-2027 fiscal year appropriated in this act in the Community Mental  
24 Health Services Block Grant to the Department of Health and Human Services, Division of  
25 Mental Health, Developmental Disabilities, and Substance Use Services, is to be used for Mental  
26 Health Services – First Psychotic Symptom Treatment.

## 27 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

28 **SECTION 9L.1.(y)** The sum of one million seven hundred twenty-seven thousand  
29 three hundred seven dollars (\$1,727,307) appropriated in this act in the Maternal and Child  
30 Health Block Grant to the Department of Health and Human Services, Division of Public Health,  
31 for each year of the 2025-2027 fiscal biennium shall be used for evidence-based programs in  
32 counties with the highest infant mortality rates. The Division shall report on (i) the counties  
33 selected to receive the allocation, (ii) the specific evidence-based services provided, (iii) the  
34 number of women served, and (iv) any impact on the counties' infant mortality rate. The Division  
35 shall report its findings to the House of Representatives Appropriations Committee on Health  
36 and Human Services, the Senate Appropriations Committee on Health and Human Services, and  
37 the Fiscal Research Division no later than December 31 of each year.

38 **SECTION 9L.1.(z)** The sum of eighty-one thousand one hundred twelve dollars  
39 (\$81,112) allocated in this section in the Maternal and Child Health Block Grant to the  
40 Department of Health and Human Services, Division of Public Health, Women and Children's  
41 Health Section, for each fiscal year of the 2025-2027 fiscal biennium shall not be used to supplant  
42 existing State or federal funds. This allocation shall be used for a Public Health Program  
43 Consultant position assigned full-time to manage the North Carolina Perinatal Health Strategic  
44 Plan and provide staff support for the stakeholder work group.

45 **SECTION 9L.1.(aa)** Notwithstanding any provision of law to the contrary, the  
46 Department of Health and Human Services, Division of Public Health, shall have the authority  
47 to realign appropriated funds between the Maternal and Child Health Block Grant categories to  
48  
49  
50

1 maintain federal compliance and programmatic alignment without exceeding the total amount  
2 appropriated for the Maternal and Child Health Block Grant.

3  
4 **PART X. AGRICULTURE AND CONSUMER SERVICES [RESERVED]**

5  
6 **PART XI. COMMERCE**

7  
8 **PART XI. COMMERCE**

9  
10 **COMMUNITY DEVELOPMENT BLOCK GRANTS**

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

14  
15 **COMMUNITY DEVELOPMENT BLOCK GRANT**

16		
17	01. State Administration	\$1,488,189
18		
19	02. Neighborhood Revitalization	25,784,790
20		
21	03. Economic Development	14,000,000
22		
23	04. Rural Community Development	5,000,000
24		

25 **TOTAL COMMUNITY DEVELOPMENT**  
26 **BLOCK GRANT**

27	<b>2024 Program Year</b>	<b>\$46,308,393</b>
28	<b>2025 Program Year</b>	<b>\$46,272,979</b>
29	<b>2026 Program Year</b>	<b>\$46,272,979</b>

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

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

38 **SECTION 11.1.(d)** Reallocation. – The Department of Commerce shall consult with  
39 the Joint Legislative Commission on Governmental Operations (Commission) prior to  
40 reallocating Community Development Block Grant Funds. Notwithstanding the provisions of  
41 this subsection, whenever the Director of the Budget finds either of the following conditions  
42 exist:

- 43 (1) If a reallocation is required because of an emergency that poses an imminent  
44 threat to public health or public safety, then the Director of the Budget may  
45 authorize the reallocation without consulting the Commission. The  
46 Department of Commerce shall report to the Commission on the reallocation  
47 no later than 30 days after it was authorized and shall identify in the report the  
48 emergency, the type of action taken, and how it was related to the emergency.
- 49 (2) If the State will lose federal block grant funds or receive less federal block  
50 grant funds in the next fiscal year unless a reallocation is made, then the  
51 Department of Commerce shall provide a written report to the Commission

1 on the proposed reallocation and shall identify the reason that failure to take  
2 action will result in the loss of federal funds. If the Commission does not hear  
3 the issue within 30 days of receipt of the report, the Department of Commerce  
4 may take the action without consulting the Commission.

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

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

19 **SECTION 11.1.(f) Neighborhood Revitalization.** – Funds allocated to the  
20 Neighborhood Revitalization Category in subsection (a) of this section shall be made available  
21 as grants for eligible activities listed in this subsection. The funds available for grants under this  
22 category may be used for all of the following, subject to the national objectives and eligible  
23 activities allowed under guidance issued by the United States Department of Housing and Urban  
24 Development (HUD):

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

30 **SECTION 11.1.(g) Economic Development.** – Funds allocated to the Economic  
31 Development Category in subsection (a) of this section shall be made available as grants for  
32 eligible activities listed in this subsection. The funds available for grants under this category may  
33 be used for all of the following, subject to the national objectives and eligible activities allowed  
34 under guidance issued by HUD:

- 35 (1) Acquisition of real property.
- 36 (2) Demolition and rehabilitation of buildings and improvements.
- 37 (3) Removal of material and architectural barriers.
- 38 (4) Public improvements, including parks, streets, sidewalks, and water and  
39 sewer lines.
- 40 (5) Loans and grants to public or private nonprofit entities for construction and  
41 rehabilitation activities.
- 42 (6) Assistance to private, for-profit entities for economic development.
- 43 (7) Technical assistance to public or nonprofit entities for neighborhood  
44 revitalization or economic development activities.
- 45 (8) Assistance to for-profit and nonprofit entities to facilitate economic  
46 development activities.

47 **SECTION 11.1.(h) Rural Community Development.** – Funds allocated for the Rural  
48 Community Development Category in subsection (a) of this section shall be made available as  
49 grants for eligible activities listed in this subsection. These funds shall provide grants that support  
50 community development and comprehensive growth projects to be awarded by the North  
51 Carolina Department of Commerce. The Rural Community Development Category will provide



1 grants to units of local government in development Tier one and development Tier two areas, as  
2 defined in G.S. 143B-437.08, and in rural census tracts, as defined in G.S. 143B-472.127(a)(2),  
3 in any other area to support projects that promote broad-based community development  
4 activities, increased local investment and economic growth, and stronger and more viable rural  
5 neighborhoods. In awarding grants under this section, preference shall be given to projects in  
6 development tier one areas, as defined in G.S. 143B-437.08. The funds available for grants under  
7 this category may be used for all of the following, subject to the national objectives and eligible  
8 activities allowed under guidance issued by HUD:

- 9 (1) Essential repairs to prevent abandonment and deterioration of housing in low  
10 and moderate-income neighborhoods.
- 11 (2) Public improvements, including parks, streets, sidewalks, and water and sewer  
12 lines.
- 13 (3) Public facilities, including neighborhood and community facilities and  
14 facilities for individuals with special needs.
- 15 (4) Public services, including employment, crime prevention, and energy  
16 conservation.
- 17 (5) Assistance to private, for-profit entities for economic development.
- 18 (6) Technical assistance to public or nonprofit entities for neighborhood  
19 revitalization or economic development activities.
- 20 (7) Assistance to for-profit and nonprofit entities to facilitate economic  
21 development activities.

22 **SECTION 11.1.(i) Deobligated Funds.** – Throughout each year, deobligated funds  
23 arise in the various funding categories and program years of the Community Development Block  
24 Grant (CDBG) program as a result of (i) projects coming in under budget, (ii) projects being  
25 cancelled, or (iii) projects being required to repay funds. Surplus federal administrative funds in  
26 the CDBG program may vary from year to year based upon the amount of State appropriated  
27 funds allocated and the amount of eligible in-kind funds identified. To allow the Department of  
28 Commerce to quickly deploy deobligated and surplus federal administrative funds as they are  
29 identified throughout the program year, the following shall apply to the use of deobligated CDBG  
30 funds and surplus federal administrative funds:

- 31 (1) All surplus federal administrative funds shall be divided proportionally  
32 between the Department of Commerce programs and shall be used as provided  
33 in subdivisions (2) and (3) of this subsection.
- 34 (2) All deobligated funds allocated to the Department of Commerce and any  
35 surplus federal administrative funds, as provided for in subdivision (1) of this  
36 subsection, may be used by the Department for all of the following:
  - 37 a. To issue grants in the CDBG Economic Development or  
38 Neighborhood Revitalization Program Category.
  - 39 b. For providing training and guidance to local governments relative to  
40 the CDBG program, its management, and administrative requirements.
  - 41 c. For any other purpose consistent with the Department's administration  
42 of the CDBG program if an equal amount of State matching funds is  
43 available.

## 44 **COMMERCE NONPROFITS/REPORTING REQUIREMENTS**

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

- 47 (1) By September 1 of each year, and more frequently as requested, report to the  
48 chairs of the Joint Legislative Oversight Committee on Agriculture and  
49 Natural and Economic Resources; the chairs of the House of Representatives  
50 Appropriations Committee on Agriculture and Natural and Economic  
51

1 Resources; the chairs of the Senate Appropriations Committee on Agriculture,  
2 Natural, and Economic Resources; and the Fiscal Research Division on prior  
3 State fiscal year program activities, objectives, and accomplishments and prior  
4 State fiscal year itemized expenditures and fund sources. If State funds are  
5 used to provide matching funds for competitive grants from the federal  
6 government or a nongovernmental entity, the report should include a list and  
7 description of the grants that are awarded.

- 8 (2) Provide to the chairs of the Joint Legislative Oversight Committee on  
9 Agriculture and Natural and Economic Resources; the chairs of the House of  
10 Representatives Appropriations Committee on Agriculture and Natural and  
11 Economic Resources; the chairs of the Senate Appropriations Committee on  
12 Agriculture, Natural, and Economic Resources; and the Fiscal Research  
13 Division a copy of the entity's annual audited financial statement within 30  
14 days of issuance of the statement.

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

- 17 (1) North Carolina Biotechnology Center.  
18 (2) High Point Market Authority.  
19 (3) RTI International.  
20

## 21 **NC BIOTECHNOLOGY CENTER**

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

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

36 **SECTION 11.3.(b)** Of the funds appropriated in this act to the Department of  
37 Commerce for the Center, five hundred thousand dollars (\$500,000) of recurring funds in each  
38 fiscal year of the biennium shall be used to support funding for early stage loans to North Carolina  
39 agricultural technology companies.

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

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

45 **SECTION 11.3.(e)** Up to ten percent (10%) of the sum of each of the allocations in  
46 subsection (a) of this section may be reallocated to subdivision (a)(1) or subdivision (a)(2) of this  
47 section if, in the judgment of Center management, the reallocation will advance the mission of  
48 the Center.  
49

## 50 **NORTH CAROLINA TECHNOLOGY COALITIONS STRATEGIC SUPPORT FUND**

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

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

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

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

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

- 36           (1)    The Recipient must be North Carolina-based. For the purposes of this section,  
37           a North Carolina-based organization is one that has its principal place of  
38           operation in the State.
- 39           (2)    The Recipient must certify that at least one hundred percent (100%) of  
40           financial resources provided through the Coalition Infrastructure Support and  
41           the Coalition Cost Match programs within the Coalitions Fund will be  
42           conducted in North Carolina and that the Recipient will remain a North  
43           Carolina-based organization for the duration of the funds received.
- 44           (3)    The Recipient must apply, under oath, to the Office of Science, Technology  
45           and Innovation, for a grant under this section on a form prescribed by the  
46           Office of Science, Technology and Innovation that includes at least all of the  
47           following:
- 48           a.     name of the business, the form of organization under which it is  
49           operated, and the names and addresses of the principals or  
50           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.

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

11  
 12 **ENHANCE UNEMPLOYMENT INSURANCE BENEFITS**

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

14 **"§ 96-14.2. Weekly benefit amount.**

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

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

27 **"§ 96-14.3. Duration of benefits.**

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

<b>Seasonal Adjusted Unemployment Rate</b>	<b>Number of Weeks</b>
Less than or equal to <del>5.5%</del> <u>4.5%</u>	<del>12</del> 16
Greater than <del>5.5%</del> <u>4.5%</u> up to <del>6%</del> <u>5%</u>	<del>13</del> 18
Greater than <del>6%</del> <u>5%</u> up to <del>6.5%</del> <u>5.5%</u>	<del>14</del> 20
Greater than <del>6.5%</del> <u>5.5%</u> up to <del>7%</del> <u>6%</u>	<del>15</del> 22
Greater than <del>7%</del> <u>6%</u> up to <del>7.5%</del> <u>6.5%</u>	<del>16</del> 24
Greater than <del>7.5%</del> <u>up to 8%</u> <del>6.5%</del>	<del>17</del> 26
<del>Greater than 8% up to 8.5%</del>	<del>18</del>
<del>Greater than 8.5% up to 9%</del>	<del>19</del>
<del>Greater than 9%</del>	<del>20</del>

49 ..."

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

1           **SECTION 11.6.(d)** G.S. 96-9.2 is amended by adding a new subsection to read:  
2       "(f) 2025 Tax Credit. – An employer is allowed a tax credit for a contribution to the  
3       Unemployment Insurance Fund payable under this section for contributions due for the  
4       calendar year 2025. The amount of the credit is equal to the amount of contributions  
5       payable for wages paid during the fourth quarter of 2024 on the report filed by the  
6       employer on or before January 31, 2025. If an employer remitted the contributions  
7       payable with the report due on or before January 31, 2025, the credit will be applied to  
8       the contributions payable on the report due on or before April 30, 2025. An employer  
9       must file the report to receive the credit. If the amount of the credit exceeds the amount  
10       of contributions due on the report, the excess credit amount is considered an overpayment  
11       and will be refunded pursuant to G.S. 96-9.15(b)."

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

## 13 14 **PART XII. ENVIRONMENTAL QUALITY**

### 15 16 **ESTABLISH NON-TITLE V FEES IN STATUTE**

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

18       "**§ 143-215.3. General powers of Commission and Department; auxiliary powers.**

19       ...

- 20           (1b)   ~~The fee to be charged pursuant to G.S. 143-215.3(a)(1a) for processing an~~  
21           ~~application for a permit under G.S. 143-215.108 and G.S. 143-215.109 of~~  
22           ~~Article 21B of this Chapter may not exceed five hundred dollars (\$500.00).~~  
23           The Department shall charge permit fees pursuant to G.S. 143-215.3(a)(1a) to  
24           non-Title V facilities subject to permitting under G.S. 143-215.108 and G.S.  
25           143-215.109 of Article 21B according to the following schedule:  
26           a. For facilities seeking federally enforceable limits to avoid Title V  
27           permitting, application fees of eight hundred dollars (\$800.00) and  
28           annual fees of three thousand seventy dollars (\$3,070.00).  
29           b. For facilities with a potential to emit below Title V thresholds, except  
30           for general permits, application fees of one hundred dollars (\$100.00)  
31           and annual fees of four hundred dollars (\$400.00).  
32           c. The fee for an ownership change shall be fifty dollars (\$50).  
33           d. The Department may provide a discount of up to twenty-five percent  
34           on annual fees authorized by subparagraphs (a) and (b) of this  
35           subsection.

36           The fee to be charged pursuant to G.S. 143-215.3(a)(1a) for processing a  
37           registration under Part 2A of this Article or Article 38 of this Chapter may not  
38           exceed fifty dollars (\$50.00) for any single registration. An additional fee of  
39           twenty percent (20%) of the registration processing fee may be assessed for a  
40           late registration under Article 38 of this Chapter. The fee for administering  
41           and compliance monitoring under Article 21, other than Parts 1 and 1A, ~~and~~  
42           ~~G.S. 143-215.108 and G.S. 143-215.109 of Article 21B~~ shall be charged on  
43           an annual basis for each year of the permit term and may not exceed one  
44           thousand five hundred dollars (\$1,500) per year. Fees for processing all  
45           permits under Article 21A ~~and all other sections of Article 21B~~ shall not  
46           exceed one hundred dollars (\$100.00) for any single permit. The total payment  
47           for fees that are set by the Commission under this subsection for all permits  
48           for any single facility shall not exceed seven thousand five hundred dollars  
49           (\$7,500) per year, which amount shall include all application fees and fees for  
50           administration and compliance monitoring. A single facility is defined to be  
51           any contiguous area under one ownership and in which permitted activities

1 occur. For all permits issued under these Articles where a fee schedule is not  
2 specified in the statutes, the Commission, or other commission specified by  
3 statute shall adopt a fee schedule in a rule following the procedures established  
4 by the Administrative Procedure Act. Fee schedules shall be established to  
5 reflect the size of the emission or discharge, the potential impact on the  
6 environment, the staff costs involved, relative costs of the issuance of new  
7 permits and the reissuance of existing permits, and shall include adequate  
8 safeguards to prevent unusual fee assessments which would result in serious  
9 economic burden on an individual applicant. A system shall be considered to  
10 allow consolidated annual payments for persons with multiple permits. In its  
11 rulemaking to establish fee schedules, the Commission is also directed to  
12 consider a method of rewarding facilities which achieve full compliance with  
13 administrative and self-monitoring reporting requirements, and to consider, in  
14 those cases where the cost of renewal or amendment of a permit is less than  
15 for the original permit, a lower fee for the renewal or amendment."

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

17 **"§ 143B-279.19. Quadriennial adjustment of certain fees and rates.**

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

23 ...

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

25 ..."

26  
27 **MAKING INUNDATION MAPS PUBLICLY AVAILABLE**

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

29 **"§ 143-215.31. Supervision over maintenance and operation of dams.**

30 ...

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

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

41 "§ 66-58. Sale of merchandise or services by governmental units.

42 ...

43 (b) Subsection (a) of this section does not apply to any of the following:

44 ...

45 (29) The Department of Environmental Quality in the provision of inundation  
46 maps for the preparation of Emergency Action Plans to owners or operators  
47 of high hazard potential dams."

48  
49 **MODIFY PAYMENT OF BROWNFIELDS PROPERTY REUSE ACT FEES**

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

51 "§ 130A-310.39. Fees.

1 (a) The Department shall collect the following fees:

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

31  
32 **SOLID WASTE BENEFICIAL REUSE CLARIFICATION**

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

34 "§ 130A-309.05. Regulated wastes; certain exclusions.

35 (a) Certain Wastes Regulated as Nonhazardous. – Notwithstanding other provisions of  
36 this Article, the following waste shall be regulated pursuant to this Part:

37 ...

38 (b) Management of Ash Generated From Burning of Solid Waste. – Ash generated by a  
39 solid waste management facility from the burning of solid waste shall be disposed of in a properly  
40 designed solid waste disposal area that complies with standards developed by the Department for  
41 the disposal of the ash. The Department shall work with solid waste management facilities that  
42 burn solid waste to identify and develop methods for recycling and reusing incinerator ash or  
43 treated ash.

44 (c) Recovered Material. – Recovered material is not subject to ~~regulation as permitting~~  
45 ~~requirements for~~ solid waste under this Article. ~~In order for a material that would otherwise be~~  
46 ~~regulated as solid waste to qualify as a recovered material, the~~ ~~The~~ Department may require any  
47 person who owns or has control over the material to demonstrate that the material meets the  
48 requirements of this ~~subsection. In order to protect public health and the environment, the~~  
49 ~~Commission~~ ~~subsection or may require the person to obtain a beneficial use determination from~~  
50 the Department in accordance with subsection (d) of this section. The Department may adopt  
51 rules to implement this subsection. Materials that are accumulated speculatively, as that term is



1 defined under 40 Code of Federal Regulations § 261 (July 1, 2014 Edition), shall not qualify as  
2 a recovered ~~material, and shall be subject to regulation as solid waste. In order to qualify as a~~  
3 ~~recovered material, the material.~~ The material shall be managed as a valuable commodity in a  
4 manner consistent with the desired use or end use, and all of the following conditions shall be  
5 met:

6 ...

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

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

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

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

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

- 31 a. requirements for periodic testing of solid wastes; and  
32 b. conditions to ensure that the product or by-products of a material  
33 recovered or diverted for beneficial use shall not be discharged,  
34 deposited, injected, dumped, spilled, leaked, or placed into or upon  
35 any land or water so that the products or by-products or any  
36 constituents thereof may enter other lands or be emitted into the air, or  
37 discharged into any waters, including groundwaters, or otherwise enter  
38 the environment or pose a threat to public health and safety.

39 (4) Approvals granted under this subsection are valid for no longer than five  
40 years. Requests for renewal shall be made at least 60 days in advance of the  
41 expiration date of the approval.

42 (5) The applicant for a determination under this subdivision shall submit to the  
43 Department on an annual basis a report detailing the usage of material under  
44 the approval and certifying compliance with this Article and any applicable  
45 rules adopted under this Article.

46 (6) The Department may suspend or revoke an authorization and may modify an  
47 authorization if it is determined that the activity is not in compliance with the  
48 requirements of applicable laws or rules or if new information is provided to  
49 the Department that impacts the determination of protection of public health  
50 or the environment.

- 1           (7) The Department shall provide notice on its website of approved beneficial use  
2           determinations.
- 3           (8) Facilities that manage source-separated materials for the purpose of recycling  
4           as defined in G.S. 130A-290 are not subject to the provisions of this  
5           subsection.
- 6           (9) The Department may adopt rules to implement this subsection and establish  
7           application fees for a reuse determination under this subsection. All fees  
8           collected under this subdivision shall be credited to the Solid Waste  
9           Management Account established under G.S. 130A-295.8(a). In determining  
10           the amount of the total application fee in rule, the Department shall have the  
11           authority to establish separate fee amounts for annual fees for each year based  
12           on the length of time for which the approval will be valid as requested by the  
13           applicant."

14           **SECTION 12.4.(b)** This section becomes effective January 1, 2026.

15  
16           **UST NEW INSTALL REVIEW FEE**

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

18           "**§ 143-215.94C Commercial leaking petroleum underground storage tank cleanup fees.**

19           ...

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

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

25           "§ 143B-279.19. Quadriennial adjustment of certain fees and rates.

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

31           ...

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

33           ..."

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

35  
36           **EXPAND ELIGIBILITY FOR TARGETED INTEREST RATES**

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

38           "§ 159G-20. Definitions

39           ...

40           (21) Targeted interest rate project. - Either of the following types of projects:

- 41           a. A project that is awarded a loan from the Drinking Water Reserve or the  
42           Wastewater Reserve based on affordability.
- 43           b. A project that is awarded a loan from the CWSRF or the DWSRF and is  
44           in a category for which federal law or the Department encourages a special  
45           focus."

46  
47           **RAISE LIMITS FOR MRF AND AIA GRANT FUNDING**

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

49           "§ 159G-36. Limits on loans and grants.

50           ...

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

- 4 ...
- 5 (4) The amount of merger/regionalization feasibility grants awarded ~~for three~~  
6 ~~consecutive fiscal years for a fiscal year~~ may not exceed ~~fifty thousand dollars~~  
7 ~~(\$50,000)~~ seventy-five thousand dollars (\$75,000).
- 8 (5) The amount of asset inventory and assessment grants awarded for three  
9 consecutive fiscal years may not exceed ~~one hundred fifty thousand dollars~~  
10 ~~(\$150,000)~~ two hundred twenty-five thousand dollars (\$225,000)."

11  
12 **PART XIII. LABOR [RESERVED]**

13  
14 **PART XIV. NATURAL AND CULTURAL RESOURCES**

15  
16 **INCREASE THE ALLOWABLE AMOUNT FOR REPAIR AND RENOVATION FOR**  
17 **AQUARIUMS SPECIAL FUND**

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

19 **"§ 143B-135.188. North Carolina Aquariums; fees; fund.**

20 ...

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

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

31 ..."

32  
33 **INCREASE THE ALLOWABLE AMOUNT FOR REPAIR AND RENOVATION FOR**  
34 **ZOO SPECIAL FUND**

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

36 **"§ 143B-135.209. North Carolina Zoo Fund.**

37 ...

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

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

48 ..."

49  
50 **TECHNICAL CORRECTION REGARDING CHARLOTTE HAWKINS BROWN \$1**  
51 **MILLION APPROPRIATION IN SECTION 9.1(D) OF S.L. 2021-189**

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

3 **"SCIF GRANT CHANGES**

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

7           ...

8           (18) The funds to the Department of Natural and Cultural Resources for Charlotte  
9 Hawkins Brown in the sum of one million dollars (\$1,000,000) for the 2021-  
10 2022 fiscal year shall be used for ~~the purchase and development of~~  
11 ~~approximately 100 acres adjacent to land acquisition for the historic site or;~~  
12 ~~repair and renovation projects; and capital projects~~ at the Charlotte Hawkins  
13 Brown State Historic Site in Guilford County.

14           ..."

15  
16 **PART XV. WILDLIFE RESOURCES COMMISSION [RESERVED]**

17  
18 **PART XVI. ADMINISTRATIVE OFFICE OF THE COURTS [RESERVED]**

19  
20 **PART XVII. INDIGENT DEFENSE SERVICES [RESERVED]**

21  
22 **PART XVIII. JUSTICE [RESERVED]**

23  
24 **PART XIX. ADULT CORRECTION**

25  
26 **PART XIX-A. DEPARTMENT OF ADULT CORRECTION ADMINISTRATION**

27  
28 **STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM FUNDING TRANSFER**

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

- 31           (1) The sum of one million dollars (\$1,000,000) shall be transferred each fiscal  
32 year to the North Carolina Sheriffs' Association, Inc., a nonprofit corporation,  
33 to support the Program and for administrative and operating expenses of the  
34 Association and its staff.
- 35           (2) The sum of two hundred twenty-five thousand dollars (\$225,000) shall be  
36 allocated each fiscal year to the Department of Adult Correction for its  
37 administrative and operating expenses for the Program.
- 38           (3) Up to the sum of five hundred thousand dollars (\$500,000) may be used in  
39 each fiscal year of the 2025-2027 fiscal biennium to reimburse sheriffs  
40 utilizing inmate labor pursuant to the provisions of Section 19C.10 of S.L.  
41 2021-180.

42  
43 **INMATE MEDICAL REPORTING**

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

45 **"§ 143B-1470. Medical costs for inmates.**

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

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

51           ...

- 1 (10) The reimbursement rate for contracted providers. The Department shall  
2 randomly audit high-volume contracted providers to ensure adherence to  
3 billing at the contracted rate.  
4 Reports ~~submitted on August 1~~ shall include totals for the previous fiscal year for all  
5 the information requested."  
6

## 7 **USE OF CAPITAL FUNDS**

8 **SECTION 19A.3.** Notwithstanding S.L. 2006-66 and S.L. 2015-241, the  
9 Department of Adult Correction may use up to one million six hundred twelve thousand four  
10 hundred eighty-one and fourteen cents (\$1,612,481.14) from the projects described in Section  
11 23.12(g) of S.L. 2006-66 and Section 31.22 of S.L. 2015-241 to finance capital facility costs of  
12 HVAC projects at state facilities. No additional special indebtedness may be issued or incurred  
13 to finance these projects. The use of funds authorized by this section shall not require further  
14 approval by the Council of State pursuant to Chapter 142 of the General Statutes.  
15

## 16 **USE OF AVAILABLE FUNDS FOR REPAIR AND RENOVATION PURPOSES**

17 **SECTION 19A.4.** G.S. 143C-8-13 is amended by adding a new subsection to read:  
18 "**§ 143C-8-13. Repairs and Renovations.**

19 ...

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

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

- 24 a. The total project costs do not exceed one million dollars (\$1,000,000).  
25 b. The project is one of the types set forth in subdivisions (1) through  
26 (13) of subsection (a) of this section, regardless of whether the relevant  
27 facilities and related infrastructure are supported from the General  
28 Fund or the State Capital and Infrastructure Fund.

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

- 32 a. The facility at which the project is being undertaken.  
33 b. The nature and scope of the project."  
34

## 35 **REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL** 36 **EXPENSES**

37 **SECTION 19A.5.** Notwithstanding G.S. 143C-6-9, the Department of Adult  
38 Correction may use funds available to the Department for the 2025-27 fiscal biennium to  
39 reimburse counties for the cost of housing convicted inmates, parolees, and post-release  
40 supervisees awaiting transfer to the State prison system, as provided in G.S. 148-29. The  
41 reimbursement may not exceed forty dollars (\$40.00) per day per prisoner awaiting transfer. The  
42 Department shall report annually by February 1 of each year to the chairs of the Joint Legislative  
43 Oversight Committee on Justice and Public Safety and the chairs of the House of Representatives  
44 Appropriations Committee on Justice and Public Safety and the Senate Appropriations  
45 Committee on Justice and Public Safety on the expenditure of funds to reimburse counties for  
46 prisoners awaiting transfer.  
47

## 48 **PART XIX-B. PRISONS**

## 49 **CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT** 50

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

9  
10 **NURSE STAFFING AT STATE PRISONS**

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

17  
18 **DOT CONTRACT OF INMATE LITTER CREW**

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

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

28  
29 **PART XIX-C. COMMUNITY SUPERVISION**

30  
31 **INTERSTATE COMPACT FEES TO SUPPORT TRAINING PROGRAMS AND**  
32 **EQUIPMENT PURCHASES SECTIONS**

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

39  
40 **PART XIX-D. REHABILITATION AND REENTRY [RESERVED]**

41  
42 **PART XIX-E. PUBLIC SAFETY [RESERVED]**

43  
44 **PART XIX-F. DEPARTMENT OF PUBLIC SAFETY ADMINISTRATION [RESERVED]**

45  
46 **PART XIX-G. LAW ENFORCEMENT [RESERVED]**

47  
48 **PART XIX-H. JUVENILE JUSTICE [RESERVED]**

49  
50 **PART XIX-I. EMERGENCY MANAGEMENT AND NATIONAL GUARD [RESERVED]**  
51

1 **PART XIX-M. STATE BUREAU OF INVESTIGATION**

2  
3 **CONTINUED EXEMPTION FROM IT CONSOLIDATION**

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

5 "**§ 143B-1325. State information technology consolidated under Department of**  
6 **Information Technology.**

7 ...

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

12 (1) Department of Natural and Cultural Resources.

13 ...

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

15 ~~a. State Bureau of Investigation.~~

16 b. State Highway Patrol.

17 c. Division of Emergency Management.

18 ..."

19  
20 **PART XX. ADMINISTRATION [RESERVED]**

21  
22 **PART XXI. ADMINISTRATIVE HEARINGS [RESERVED]**

23  
24 **PART XXII. OFFICE OF THE STATE AUDITOR [RESERVED]**

25  
26 **PART XXIII. BUDGET AND MANAGEMENT**

27  
28 **STATE FISCAL RECOVERY FUND FLEXIBILITY 2025**

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

34 (a) S.L. 2021-180.

35 (b) S.L. 2021-189.

36 (c) S.L. 2022-6.

37 (d) S.L. 2022-74.

38 (e) S.L. 2023-134.

39 (f) S.L. 2024-1.

40 (g) S.L. 2024-40.

41 (h) S.L. 2024-53.

42 (i) S.L. 2024-55.

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

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

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

48 (c) The reallocation is made to support one or more SFRF related activities authorized and  
49 receiving appropriations under this act or one of the acts listed above in part (a) of this  
50 Section. Reallocated funds shall not be used for any new activity, purpose, or program.

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

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

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

## 11 12 **INTEREST TO SUPPORT NC PANDEMIC RECOVERY EFFORTS**

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

- 15           (a) Local Fiscal Recovery Fund, Budget Code 63009, Budget Fund 610000;
- 16           (b) Homeowner Assistance Fund, Budget Code 23023, Budget Fund 214150, that is allowed  
17           to be retained by the State; and
- 18           (c) Economic Development Assistance Strategy and Tourism grant funds, Budget Code  
19           23025, Budget Funds 214250 and 214251, that is allowed to be retained by the State.

## 20 21 **INNOVATION & MODERNIZATION FOR PERFORMANCE, ACCOUNTABILITY, &** 22 **COST-EFFECTIVE TRANSFORMATION ('IMPACT') CENTER**

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

- 27           (a) Partner with agencies on projects that substantially improve government operations  
28           through applied research and private sector best practices, including the use of  
29           procurement optimization, agile project management, user-centered (UX) design, data  
30           analytics, artificial intelligence, A/B testing, and performance management.
- 31           (b) Target efficiency gains in state programs and policies, aiming to create cost-savings while  
32           maintaining or improving service delivery outcomes.
- 33           (c) Hire, on a temporary basis, external contractors, researchers and experts to empower  
34           agencies to identify and implement efficiency transformations.
- 35           (d) Develop standardized efficiency improvement models, with associated training materials,  
36           that can be shared across state agencies to empower more widespread replications of the  
37           approach and foster a culture of innovation, constructive challenge, and accountability.

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

- 41           (a) The number of projects under way and completed;
- 42           (b) Reductions in administrative costs achieved;
- 43           (c) Improvements in service delivery, speed, and responsiveness;
- 44           (d) Improvements in public satisfaction scores with the program;
- 45           (e) Identification of programs or policies (or components thereof) that should be  
46           discontinued, and recommendations for the redeployment of taxpayer dollars to more  
47           effective uses.

## 48 49 **MITIGATE FEDERAL FUNDING ACTIONS**

50           **SECTION 23.4.(a)** For the 2025-2027 fiscal biennium, the Office of State Budget  
51 and Management (OSBM) may use funds available in the Federal Infrastructure Match Reserve



1 to assist state agencies in mitigating the fiscal impacts of federal spending freezes, federal  
2 government shutdowns, or federal spending reductions. This assistance includes, but is not  
3 limited to, providing legally required personnel-related or contractual expenses resulting from  
4 the discontinuation or delay of federal funds that an agency cannot otherwise support within  
5 existing resources.

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

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

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

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

28  
29 **PART XXIV. BUDGET AND MANAGEMENT – SPECIAL APPROPRIATIONS**  
30 **[RESERVED]**

31  
32 **PART XXV. OFFICE OF STATE CONTROLLER**

33  
34 **OVERPAYMENTS AUDITS**

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

36 "(c) Collection Techniques. - The State Controller, in conjunction with the Office of the  
37 Attorney General, shall establish policies and procedures to govern techniques for collection of  
38 accounts receivable. These techniques may include use of credit reporting bureaus, judicial  
39 remedies authorized by law, and administrative setoff by a reduction of a tax refund pursuant to  
40 the Setoff Debt Collection Act, Chapter 105A of the General Statutes, or a reduction of another  
41 payment, other than payroll, due from the State to a person to reduce or eliminate an account  
42 receivable that the person owes the State.

43 The State Controller shall negotiate a contract with a third party to perform an audit and  
44 collection process of inadvertent overpayments by State agencies to vendors as a result of pricing  
45 errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds,  
46 erroneously paid excise taxes, and related errors. The third party shall be compensated only from  
47 funds recovered as a result of the audit. Of the recovered funds and subject to availability, the  
48 State Controller may use up to one hundred thousand dollars (\$100,000) annually to develop and  
49 provide governmental accounting education for state agency fiscal staff. Savings realized in excess  
50 of costs and any funds used by the State Controller for the aforementioned purpose shall be  
51 transferred from the agency to the Office of State Budget and Management and placed in a special

1 reserve account for future direction by the General Assembly. Any disputed savings shall be  
2 settled by the State Controller. This paragraph does not apply to the purchase of medical services  
3 by State agencies or payments used to reimburse or otherwise pay for health care services."  
4

## 5 **ELECTRONIC PAYMENT PROCESSING**

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

7 "**§ 147-86.22. Statewide accounts receivable program.**

8 ...

9 (b) Electronic Payment. – Notwithstanding the provisions of G.S. 147-86.20 and G.S.  
10 147-86.21, this subsection applies to debts owed a community college, a local school  
11 administrative unit, an area mental health, developmental disabilities, and substance abuse  
12 authority, and the Administrative Office of the Courts, and to debts payable to or through the  
13 office of a clerk of superior court or a magistrate, as well as to debts owed to other State agencies  
14 as defined in G.S. 147-86.20.

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

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

37 The State Controller and State Treasurer shall consult with the Joint Legislative Commission  
38 on Governmental Operations before establishing policies that allow accounts receivable to be  
39 payable by electronic payment and before authorizing fees associated with electronic payment to  
40 be paid out of the General Fund and Highway Fund. A payment of an account receivable that is  
41 made by electronic payment and is not honored by the issuer of the card or the financial institution  
42 offering electronic funds transfer does not relieve the debtor of the obligation to pay the account  
43 receivable.

44 ...

45 (d) Annual Report. – The State Controller shall report annually to the Joint Legislative  
46 Commission on Governmental Operations and the Fiscal Research Division on the revenue  
47 deposited into Special Reserve Account 24172 and the disbursement of that revenue."  
48

## 49 **PART XXVI. ELECTIONS**

### 50 **USE OF HELP AMERICA VOTE ACT**

51

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

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

7  
8 **PART XXVII. GENERAL ASSEMBLY [RESERVED]**

9  
10 **PART XXVIII. GOVERNOR [RESERVED]**

11  
12 **PART XXIX. HOUSING FINANCE AGENCY [RESERVED]**

13  
14 **PART XXIX-A. OFFICE OF STATE HUMAN RESOURCES**

15  
16 **MAKE APPLYING FOR STATE JOBS EASIER**

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

19 **"§ 126-14.2A. Increasing efficiency of state job application process.**

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

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

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

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

36           "(c7) Except as to the policies, rules, and plans established by the Commission pursuant  
37 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  
38 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  
39 Chapter, this Chapter does not apply to exempt managerial positions."

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

41           "(c17) Except as to the policies, rules, and plans established by the Commission pursuant to  
42 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  
43 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  
44 this Chapter, the provisions of this Chapter shall not apply to a warden of an adult corrections  
45 facility."

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

47           "(c18) Except as to the policies, rules, and plans established by the Commission pursuant to  
48 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  
49 except as to the provisions of G.S. 126-14.2, G.S. 126-14.2A, 126-34.02(b)(1) and (2), and  
50 Articles 6 and 7 of this Chapter, this Chapter does not apply to the warden of a State adult  
51 correctional facility. Employees in these positions shall be public servants under G.S. 138A-

1 3(70) and shall file Statements of Economic Interest under G.S. 138A-22. Employees in these  
2 positions shall receive the protections of former G.S. 126-5(e) if the employees were hired before  
3 the date of its repeal and have the minimum cumulative service to qualify under that subsection."

4 **SECTION 29A.1.(e)** Section 39A.1 shall be effective when it becomes law. OSHR  
5 shall modify the state job application process no later than November 1, 2025, to implement the  
6 authority granted by this section  
7

## 8 **ALLOW PERMANENTLY HIRING CERTAIN TEMPORARY EMPLOYEES UNDER** 9 **SPECIFIC CONDITIONS**

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

### 12 **"§ 126-14.3A. Temp-to-perm hiring.**

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

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

27 The Director of the Office of State Human Resources may grant an exception to requirement  
28 (3).

29 Except as otherwise provided in this section, the hiring shall be exempt from Chapter 126 of  
30 the General Statutes, including any procedural or substantive requirements such as publicly  
31 posting the position, requiring an application, holding an interview or new reference checks,  
32 selecting the applicants from the pool of the most qualified persons, and following the priorities  
33 for certain types of applicants under State law. The hiring shall not be exempt from G.S. 126-14,  
34 G.S. 126-14.1, G.S. 126-14.5, and Articles 6 and 7 of Chapter 126 of the General Statutes. The  
35 exemption from Chapter 126 of the General Statutes for the hiring process shall not affect  
36 whether the position is subject to Chapter 126 of the General Statutes once the employee is hired."  
37

## 38 **MAKE STATE AGENCY HIRING, PAY, AND CLASSIFICATION FLEXIBILITY** 39 **PERMANENT**

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

### 42 **"§ 126-3.1. Agency Hiring, Pay, and Classification Flexibility.**

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

- 46 (1) Allow an individual the option of having the individual's application  
47 considered for future job postings at the same agency and at other agencies if  
48 the individual has been identified as a qualified applicant within the same or  
49 comparable classification.
- 50 (2) Allow agencies to recruit and hire applicants from a job posting that applies  
51 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

1 time subsection (a) of this section expires shall not be considered work for the purposes of the  
2 six-month separation required under G.S. 135-1(20) or for the purposes of G.S. 135-3(d),  
3 provided the position held by the individual is needed due to the state of emergency related to  
4 Hurricane Helene or associated Hurricane Helene recovery efforts, as certified to the Retirement  
5 Systems Division of the Department of State Treasurer by the employing agency.

6 **SECTION 12.1.(d)** For individuals who retired prior to ~~October 1, 2024~~, March 1, 2025, any  
7 earnings received between September 25, 2024, and the time that subsection (a) of this section  
8 expires shall not be treated as earned by a TSERS beneficiary under the provisions of G.S. 135-  
9 3(a)(8)c., provided those earnings are related to a position needed due to the state of emergency  
10 related to Hurricane Helene or associated Hurricane Helene recovery efforts, as certified to the  
11 Retirement Systems Division of the Department of State Treasurer by the employing agency.

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

19 ...

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

## 24 25 **PART XXX. INSURANCE**

26  
27 Department of Insurance Lease Expenses

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

29 "SECTION 7.(a) The General Assembly authorizes the Department of Insurance to fund,  
30 with receipts or from other non-General Fund and non-State Capital and Infrastructure Fund  
31 sources available to the Department, a sum not to exceed ~~eighteen million dollars~~  
32 ~~(\$18,000,000)~~ twenty-five million dollars (\$25,000,000) to enter into a lease agreement for the  
33 ~~temporary~~ relocation of the Department's offices and a sum not to exceed one million  
34 (\$1,000,000) for costs associated with the ~~temporary~~ relocation. The lease agreement funded by  
35 the sum authorized in this subsection shall be for a term not to exceed ~~five years and shall not be~~  
36 ~~renewed without prior approval from the General Assembly~~ five years, with the option to renew  
37 for two additional five year consecutive periods. The Department shall complete the relocation  
38 process no later than October 15, 2023."

## 39 40 **PART XXXI. INSURANCE - INDUSTRIAL COMMISSION [RESERVED]**

## 41 42 **PART XXXII. LIEUTENANT GOVERNOR [RESERVED]**

## 43 44 **PART XXXIII. MILITARY AND VETERANS AFFAIRS**

45  
46 Cemetery Trust Fund

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

49 "§ 143B-1219. North Carolina Veterans Cemeteries Trust Fund.

50 (a) There is established the North Carolina Veterans Cemetery Trust Fund (hereinafter  
51 "Fund"), a special fund within the Department of Military and Veterans Affairs. The Fund shall

1 be maintained as a special fund and shall be administered by the Department to carry out the  
2 provisions of this section for the operations and maintenance of State veterans' cemeteries. Fund  
3 resources may also be used to cover the projected cashflow needs of cemetery expansion projects  
4 funded by grants from the U.S. Department of Veterans Affairs. Interest accruing from the  
5 monies in the Fund shall be credited to the Fund. The Fund shall consist of the following sources  
6 of funding:

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

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

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

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

18 ... "

## 20 **AUTHORIZE FUNDING TO CONSTRUCT A STATE VETERANS HOME IN WAKE** 21 **COUNTY**

22 **SECTION 33.2.** Notwithstanding Section 36.7(d) of S.L. 2018-5, as enacted by  
23 Section 9.1(a) of S.L. 2019-97, the Department of Military and Veterans Affairs may Utilize  
24 funds in an amount not exceeding ~~twenty nine million nine hundred ninety five thousand dollars~~  
25 ~~(\$29,995,000) funds appropriated in this act the total cost of the project~~ from the North Carolina  
26 Veterans Home Trust Fund established under G.S. 143B-1293 to provide the required State  
27 match for federal funding for the construction of a new State veterans nursing facility in Wake  
28 County. Any federal funds received for this purpose are hereby appropriated.

## 30 **CLARIFICATION OF VETERANS DEFINITIONS**

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

### 32 **"§ 143B-1213. Definitions.**

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

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

35 (2) Secretary. – The Secretary of Military and Veterans Affairs.

36 (3) Veteran. – One of the following, as applicable.

37 a. For qualifying as a voting member of the State Board of Veterans  
38 served honorably during a period of war as defined in Title 38, United  
39 States Code.

40 b. For entitlement to the services of the Department of Military and  
41 Veterans Affairs, a person who may be entitled to any benefits or rights  
42 under the laws of the United States by reason of service in the Armed  
43 Forces of the United States under the U.S. Department of Defense  
44 (Army, Marine Corps, Navy, Air Force, Space Force, National Guard)  
45 and the U.S. Department of Homeland Security (Coast Guard), and the  
46 reserve components thereof.

47 c. For this Chapter, unless otherwise stated "Armed Forces of the United  
48 States" means the Armed Forces of the United States under the United  
49 States Department of Defense (Army, Marine Corps, Navy, Air Force,  
50 Space Force, National Guard) and the United States Department of  
51 Homeland Security (Coast Guard), the reserve components thereof.

1 ..."

2  
3 **PART XXXIV. REVENUE**

4  
5 **SCRAP TIRE DISPOSAL TAX**

6 **SECTION 34.1.** G.S. 105-187.19(a) reads as rewritten:

7 **"§ 105-187.19. Use of tax proceeds.**

8 (a) The Secretary shall distribute the taxes collected under this Article, less the allowance  
9 to the Department of Revenue for administrative expenses, in accordance with this  
10 section. The Secretary may retain the cost of collection by the Department, not to  
11 exceed ~~four hundred twenty five thousand dollars (\$425,000)~~six hundred seventy-  
12 five thousand dollars (\$675,000) a year as reimbursed to the Department.

13 ..."

14  
15 **WHITE GOODS DISPOSAL TAX**

16 **SECTION 34.2.** G.S. 105-187.24 reads as rewritten:

17 **"§ 105-187.24. Use of tax proceeds.**

18 The Secretary shall distribute the taxes collected under this Article, less the Department of  
19 Revenue's allowance for administrative expenses, in accordance with this section. The Secretary  
20 may retain the Department's cost of collection, not to exceed ~~four hundred twenty five thousand~~  
21 ~~dollars (\$425,000)~~six hundred seventy-five thousand dollars (\$675,000) a year, as reimbursement  
22 to the Department.

23 ..."

24  
25 **PART XXXV. SECRETARY OF STATE [RESERVED]**

26  
27 **PART XXXVI. TREASURER [RESERVED]**

28  
29 **PART XXXVII. GENERAL GOVERNMENT – MISCELLANEOUS [RESERVED]**

30  
31 **PART XXXVIII. INFORMATION TECHNOLOGY [RESERVED]**

32  
33 **PART XXXIX. SALARIES AND BENEFITS**

34  
35 **ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED COST-OF-LIVING**  
36 **ADJUSTMENT/ LEGISLATIVE SALARY INCREASES**

37 **SECTION 39.1.(a)** Effective July 1, 2025, except as provided by subsection (b) of  
38 this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human  
39 Resources Act or as otherwise authorized in this act and (ii) who is employed in a State-funded  
40 position on June 30, 2025, is awarded a compensation adjustment as follows:

41 (1) Two percent (2%) effective July 1, 2025.

42 (2) As otherwise allowed or provided by law.

43 **SECTION 39.1.(b)** For the 2025-2027 fiscal biennium, the following persons are  
44 not eligible to receive the legislative salary increases provided by subsection (a) of this section:

45 (1) Employees of local boards of education.

46 (2) Local community college employees.

47 (3) Employees of The University of North Carolina

48 (4) Clerks of superior court compensated under G.S. 7A-101.

49 (5) Correctional employees to which Section 39.18 of this Part applies.

50 (6) Law enforcement officers to which Section 39.19.(a) of this Part applies.

51 (7) Probation and parole officers to which Section 39.20.(a) of this Part applies.



1 (8) Employees of schools operated by the Department of Health and Human  
2 Services, the Department of Public Safety, and the State Board of Education  
3 who are paid based on the Teacher Salary Schedule.

4 **SECTION 39.1.(c)** Permanent part-time employees shall receive the increase  
5 authorized by this section on a prorated and equitable basis.

6 **SECTION 39.1.(d)** No eligible State-funded employee shall be prohibited from  
7 receiving the full salary increase provided in this section solely because the employee's salary  
8 after applying the legislative increase is above the maximum of the salary range prescribed by  
9 the State Human Resources Commission.

## 10 11 **LABOR MARKET ADJUSTMENT RESERVE**

12 **SECTION 39.2.(a)** Of the Labor Market Adjustment Reserve funds appropriated in  
13 this Act, agencies shall award salary adjustments to identified employees pursuant to the  
14 following requirements:

- 15 (1) Any increase provided to an employee shall not exceed the greater of fifteen  
16 thousand dollars (\$15,000) or fifteen percent (15%) of their current base salary.
- 17 (2) Any increase provided to an employee may not result in the employee's salary  
18 exceeding the maximum salary of the salary range associated with the position.
- 19 (3) If an agency has 500 or more employees, no more than twenty-five percent (25%)  
20 of the agency's permanent employees may receive a salary increase from the funds  
21 appropriated for this purpose. If an agency has fewer than 500 employees, no more  
22 than 50% of the agency's permanent employees may receive a salary increase.
- 23 (4) Funds may not be awarded to employees in positions with salaries set in law or  
24 paid based on an experience-based salary schedule that is eligible to receive  
25 funding from the Pay Plan Reserve.

26 **SECTION 39.2.(b)** The Director of the Budget may adjust a State agency's budgeted  
27 receipts to provide an equivalent two percent (2%) Labor Market Adjustment Reserve for the  
28 2025-2027 fiscal biennium subject to the requirements in subsection (a) of this section, provided  
29 that sufficient receipts are available. Agency receipts needed to implement this section are  
30 appropriated for the 2025-26 fiscal year and the 2026-27 fiscal year.

31 **SECTION 39.2.(c)** The Office of State Human Resources (OSHR) shall compile a  
32 single report detailing how these funds were distributed by each agency. OSHR shall develop a  
33 uniform reporting mechanism for agencies that displays the salary increases made for each  
34 position classification, the average increase provided to employees in each position classification,  
35 and the market-based justification for the awarded salary increases. Agencies receiving Labor  
36 Market Adjustment Reserve appropriations shall report to OSHR by January 30, 2026. By  
37 February 30, 2026, OSHR shall submit the report containing the agency responses to the Fiscal  
38 Research Division.

## 39 40 **STATE EMPLOYEE BONUS**

41 **SECTION 39.3.(a)** Any person (i) whose salary is set by Section 7A.(5), Section  
42 7A.(8), Section 7A.(9) or by this Part, pursuant to the North Carolina Human Resources Act,  
43 who is employed on September 30<sup>th</sup>, 2025, shall be awarded a bonus for the 2025-26 fiscal year  
44 in the amount of one thousand dollars (\$1,000.00), payable during the month of October 2025.

45 **SECTION 39.3.(b)** Notwithstanding Subsection (d) of Section 39.33, any funds  
46 appropriated for bonuses in excess of the amounts required to implement the bonuses shall revert  
47 and not be credited to the Pay Plan Reserve.

48 **SECTION 39.3.(c)** Notwithstanding G.S. 135-1(7a), the compensation bonuses  
49 awarded by this section is not compensation under Article 1 of Chapter 135 of the General  
50 Statutes, the Teachers' and State Employees' Retirement System.

1           **SECTION 39.3.(d)** The compensation bonuses awarded by this section are not part  
 2 of annual salary and shall be paid out separately. The compensation bonus shall be awarded to  
 3 eligible permanent employees without regard to an employee's placement within the salary range,  
 4 including employees at the top of the salary range. The compensation bonus shall be adjusted pro  
 5 rata for permanent part-time employees.

6  
 7 **ADDITIONAL VACATION DAYS FOR STATE EMPLOYEES**

8           **SECTION 39.4.** The number of annual vacation leave credits provided to employees  
 9 subject to the State Human Resources Act who are full-time or over half-time and have a  
 10 permanent, trainee, time-limited or probationary appointment and who are in pay status for one-  
 11 half of the regularly scheduled workdays and holidays in a pay period shall be increased to the  
 12 following amounts:

<u>Years of Total Service</u>	<u>Days Granted Each Year</u>
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

20  
 21 **GOVERNOR AND COUNCIL OF STATE**

22           **SECTION 39.5.(a)** The salary of the Governor, as provided by G.S. 147-11(a), shall  
 23 remain unchanged.

24           **SECTION 39.5.(b)** The annual salaries for members of the Council of State, payable  
 25 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
Insurance Commissioner	171,752	171,752
Labor Commissioner	171,752	171,752

37  
 38 **CERTAIN EXECUTIVE BRANCH OFFICIALS**

39           **SECTION 39.6.** The annual salaries, payable monthly, for the following executive  
 40 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

1	Full-Time Members of the Parole Commission	146,231	146,231
2	Chairman, Utilities Commission	179,280	179,280
3	Members of the Utilities Commission	161,238	161,238
4	Executive Director, North Carolina		
5	Agricultural Finance Authority	139,904	139,904
6	State Fire Marshall	141,831	141,831

7  
8

**JUDICIAL BRANCH**

9           **SECTION 39.7.(a)** The annual salaries, payable monthly, for the following judicial  
10 branch officials for the 2025-2027 fiscal biennium are as follows:

11  
12

<u>Judicial Branch Officials</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>
13 Chief Justice, Supreme Court	\$209,165	\$209,165
14 Associate Justice, Supreme Court	203,736	203,736
15 Chief Judge, Court of Appeals	200,514	200,514
16 Judge, Court of Appeals	195,310	195,310
17 Judge, Senior Regular Resident Superior Court	179,478	179,478
18 Judge, Superior Court	174,199	174,199
19 Chief Judge, District Court	172,574	172,574
20 Judge, District Court	167,499	167,499
21 Chief Administrative Law Judge	149,078	149,078
22 District Attorney	172,357	172,357
23 Assistant Administrative Officer of the Courts	156,369	156,369
24 Public Defender	172,357	172,357
25 Director of Indigent Defense Services	173,622	173,622

26           **SECTION 39.7.(b)** The district attorney or public defender of a judicial district, with  
27 the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense  
28 Services, respectively, shall set the salaries of assistant district attorneys or assistant public  
29 defenders, respectively, in that district such that the average salaries of assistant district attorneys  
30 or assistant public defenders in that district, for the 2025-2027 biennium, do not exceed one  
31 hundred and four thousand three hundred thirty-eight dollars (\$104,338) and the minimum salary  
32 of any assistant district attorney or assistant public defender is at least fifty-six thousand twenty-  
33 one dollars (\$56,021), effective July 1, 2025.

34  
35

**CLERKS OF SUPERIOR COURT**

36           **SECTION 39.8.** Effective July 1, 2025, G.S. 7A-101(a) reads as rewritten:  
37           "(a) The clerk of superior court is a full-time employee of the State and shall receive an  
38 annual salary, payable in equal monthly installments, based on the number of State-funded  
39 assistant and deputy clerks of court as determined by the Administrative Office of Court's  
40 workload formula, according to the following schedule:

41  
42  
43  
44  
45  
46  
47

<u>Assistants and Deputies</u>	<u>Annual Salary</u>
0-19	<del>\$111,726</del> <u>\$115,078</u>
20-29	<del>123,488</del> <u>127,193</u>
30-49	<del>135,248</del> <u>139,305</u>
50-99	<del>147,040</del> <u>151,420</u>
100+	<del>149,949</del> <u>154,447.</u> "

48  
49

**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	<del>\$40,482</del> <u>\$41,696</u>
Maximum	<del>74,792</del> <u>77,036</u>

  

Deputy Clerks	Annual Salary
Minimum	<del>\$35,257</del> <u>\$37,404</u>
Maximum	<del>57,029</del> <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	<del>\$47,228</del> <u>\$48,645</u>
Step 1	<del>50,714</del> <u>52,235</u>
Step 2	<del>54,475</del> <u>56,109</u>
Step 3	<del>58,457</del> <u>60,211</u>
Step 4	<del>63,228</del> <u>65,125</u>
Step 5	<del>68,973</del> <u>71,042</u>
Step 6	<del>75,415</del> <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

1 Commission shall review the salary of the principal clerks prior to submission of the proposed  
2 operating budget of the General Assembly to the Governor and shall make appropriate  
3 recommendations for changes in those salaries. Any changes enacted by the General Assembly  
4 shall be by amendment to this paragraph."  
5

#### 6 **SERGEANTS-AT-ARMS AND READING CLERKS**

7 **SECTION 39.13.** Effective July 1, 2025, G.S. 120-37(b) reads as rewritten:

8 "(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of ~~five~~  
9 ~~hundred twenty eight dollars (\$528)~~ five hundred thirty nine dollars (\$539) per week plus  
10 subsistence at the same daily rate provided for members of the General Assembly, plus mileage  
11 at the rate provided for members of the General Assembly for one round trip only from their  
12 homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General  
13 Assembly and at such time prior to the convening of, and subsequent to adjournment or recess  
14 of, sessions as may be authorized by the Legislative Services Commission. The reading clerks  
15 shall serve during sessions only."  
16

#### 17 **COMMUNITY COLLEGES**

18 **SECTION 39.14.(a)** Community college personnel shall receive the following cost-  
19 of-living adjustments:

20 (1) Effective July 1, 2025, the State Board of Community Colleges shall provide  
21 community college faculty and non-faculty personnel with an across-the-board  
22 salary increase in the amount of two percent (2%).

23 **SECTION 39.14.(b)** The minimum salaries for nine-month, full-time curriculum  
24 community college faculty for the 2025-2027 fiscal biennium are as follows:

25 <u>Education Level</u>	26 <u>FY 2025-26</u>	27 <u>FY 2026-27</u>
28 Vocational Diploma/Certificate or Less	29 \$43,982	30 \$43,982
31 Associate Degree or Equivalent	32 44,594	33 44,594
34 Bachelor's Degree	35 47,247	36 47,247
37 Master's Degree or Education Specialist	38 49,602	39 49,602
40 Doctoral Degree	41 52,995	42 52,995

43 **SECTION 39.14.(c)** No full-time faculty member shall earn less than the minimum  
44 salary for his or her education level. The pro rata hourly rate of the minimum salary for each  
45 education level shall be used to determine the minimum salary for part-time faculty members.  
46

#### 47 **UNIVERSITY OF NORTH CAROLINA SYSTEM**

48 **SECTION 39.15.(a)** Effective for the 2025-2027 fiscal biennium, the annual salaries  
49 of University of North Carolina SHRA employees shall be increased as provided by Section 39.1  
50 of this act.

51 **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.

#### 52 **CORRECTIONAL OFFICERS/YOUTH COUNSELOR TECHNICIANS/YOUTH 53 SERVICES BEHAVIORAL SPECIALISTS/YOUTH COUNSELORS - SALARY 54 SCHEDULE**

1           **SECTION 39.16.(a)** State employees serving as correctional officers in the  
 2 Department of Adult Correction shall be compensated at a specific pay rate on the basis of a  
 3 salary schedule determined according to the duration of the employee’s correctional officer work  
 4 experience.

5           **SECTION 39.16.(a1)** State employees serving in the Department of Public Safety,  
 6 Division of Juvenile Justice and Delinquency Prevention, shall be compensated at a specific pay  
 7 rate set on the basis of a salary schedule determined according to the duration of the employee’s  
 8 work experience, as follows:

- 9           (1) Youth Counselor Technicians shall be paid under the Correctional Officer I salary  
 10 schedule.
- 11           (2) Youth Behavioral Specialists shall be paid under the Correctional Officer II salary  
 12 schedule.
- 13           (3) Youth Counselors shall be paid under the Correctional Officer III salary schedule.

14           **SECTION 39.16.(b)** The following annual salary schedule applies under subsections  
 15 (a) and (a1) of this section for the 2025-2027 fiscal biennium, effective for on July 1, 2025:

	<b>FY 2025-26</b>			<b>FY 2026-27</b>		
<b>Experience</b>	<b>COI</b>	<b>COII</b>	<b>COIII</b>	<b>COI</b>	<b>COII</b>	<b>COIII</b>
19       0	\$40,066	\$41,385	\$44,259	\$40,066	\$41,385	\$44,259
20       1	\$42,869	\$44,281	\$47,358	\$42,869	\$44,281	\$47,358
21       2	\$45,444	\$46,985	\$50,201	\$45,444	\$46,985	\$50,201
22       3	\$47,715	\$49,285	\$52,711	\$47,715	\$49,285	\$52,711
23       4	\$49,623	\$51,256	\$54,819	\$49,623	\$51,256	\$54,819
24       5	\$51,113	\$52,793	\$56,463	\$51,113	\$52,793	\$56,463
25       6+	\$52,135	\$53,850	\$57,593	\$52,135	\$53,850	\$57,593

26  
 27 **STATE LAW ENFORCEMENT OFFICER SALARY SCHEDULE**

28           **SECTION 39.17.(a)** Law enforcement officers of the State Bureau of Investigation,  
 29 Alcohol Law Enforcement, and State Capitol Police shall be compensated pursuant to an  
 30 experience-based salary schedule and shall be compensated based on the officer’s respective  
 31 work experience pursuant to the salary schedule in subsection (b) of this section.

32           **SECTION 39.17.(b)** The following annual salary schedule applies under subsection  
 33 (a) of this section for the 2025-2027 fiscal biennium, effective July 1, 2025, and July 1, 2026, for  
 34 each respective fiscal year:

<b>Years of Experience</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>
37       0	55,081	55,081
38       1	58,663	58,663
39       2	62,476	62,476
40       3	66,537	66,537
41       4	70,862	70,862
42       5	75,468	75,468
43       6+	80,374	80,374

44  
 45 **STATE HIGHWAY PATROL SALARY SCHEDULE**

46           **SECTION 39.18.(a)** Law enforcement officers of the State Highway Patrol  
 47 compensated pursuant to an experience-based salary schedule and shall be compensated based  
 48 on the officer’s respective work experience pursuant to the salary schedule in subsection (b) of  
 49 this section.

1           **SECTION 39.18.(b)** The following annual salary schedule applies under subsection  
 2 (a) of this section for the 2025-2027 fiscal biennium, effective July 1, 2025, and July 1, 2026, for  
 3 each respective fiscal year:

4	5 <b>Years of Experience</b>	6 <b>FY 2025-26</b>	7 <b>FY 2026-27</b>
8	0	56,650	56,650
9	1	60,332	60,332
10	2	64,253	64,253
11	3	68,430	68,430
12	4	72,878	72,878
13	5	77,615	77,615
14	6+	82,660	82,660

15           **PROBATION AND PAROLE OFFICERS/JUVENILE COURT COUNSELORS -  
 16 SALARY SCHEDULE**

17           **SECTION 39.19.(a)** Probation and parole officers shall be compensated pursuant to  
 18 the experience-based salary schedule based on the officer’s respective work experience, as  
 19 established in subsection (b) of this section.

20           **SECTION 39.19.(a1)** State employees serving in the Department of Public Safety,  
 21 Division of Juvenile Justice and Delinquency Prevention, as Juvenile Court Counselors shall be  
 22 compensated under the probation and parole officer salary schedule.

23           **SECTION 39.19.(b)** The following annual salary schedule applies under subsection  
 24 (a) of this section for the 2025-2027 fiscal biennium, effective July 1, 2025, and July 1, 2026, for  
 25 each respective fiscal year:

26	27 <b>Years of Experience</b>	28 <b>FY 2025-26</b>	29 <b>FY 2026-27</b>
30	0	46,785	46,785
31	1	49,825	49,825
32	2	53,066	53,066
33	3	56,514	56,514
34	4	60,188	60,188
35	5	64,100	64,100
36	6+	68,266	68,266

37           **STATE AGENCY TEACHERS**

38           **SECTION 39.20.(a)** Employees of schools operated by the Department of Health  
 39 and Human Services, the Department of Public Safety, and the State Board of Education who are  
 40 paid on the Teacher Salary Schedule shall be paid as authorized by Section 8.1 of this act.

41           **SECTION 39.20.(b)** Employees of the School of Science and Mathematics of The  
 42 University of North Carolina who are paid pursuant to a salary schedule adopted by the North  
 43 Carolina School of Science and Math Board of Trustees shall be paid in accordance with the  
 44 schedule adopted by the Board.

45           **ALL STATE-SUPPORTED PERSONNEL/FLEXIBLE ADMINISTRATION OF COST-  
 46 OF-LIVING ADJUSTMENTS**

47           **SECTION 39.21.(a)** The cost-of-living adjustments authorized by this act for the  
 48 2025-2026 fiscal year shall be paid effective on July 1, 2025, and do not apply to persons  
 49 separated from service due to resignation, dismissal, reduction in force, death, or retirement or  
 50 whose last workday is prior to June 30, 2025.

51           **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

1 this act for retirement and related benefits may be deemed by the Director of the Budget for  
2 administrative purposes to become effective after July 1 of the applicable fiscal year to provide  
3 flexibility in the collection and reconciliation of salary-related contributions as required by law,  
4 provided the estimated amount contributed to any affected employee benefit trust equals the  
5 amount that would have been contributed to the employee benefit trust if the enacted employer  
6 contribution rates had been effective on July 1 of the applicable fiscal year.

7 **SECTION 39.21.(c)** This section applies to all employees paid from State funds,  
8 whether or not subject to or exempt from the North Carolina Human Resources Act, including  
9 employees of public schools, community colleges, and The University of North Carolina.

## 10 11 **MOST STATE EMPLOYEES**

12 **SECTION 39.22.** Unless otherwise expressly provided by this part, the annual  
13 salaries in effect for the following persons on June 30, 2025, shall be legislatively increased as  
14 provided by Section 39.1 of this act:

- 15 (1) Permanent, full-time State officials and persons whose salaries are set in  
16 accordance with the State Human Resources Act.
- 17 (2) Permanent, full-time State officials and persons in positions exempt from the  
18 State Human Resources Act.
- 19 (3) Permanent, part-time State employees.
- 20 (4) Temporary and permanent hourly State employees.

## 21 22 **USE OF FUNDS APPROPRIATED FOR COST-OF-LIVING ADJUSTMENT/BENEFIT** 23 **INCREASES**

24 **SECTION 39.23.(a)** The Office of State Budget and Management shall ensure that  
25 the appropriations made in this act for cost-of-living adjustments and employee benefits are used  
26 only for these purposes

27 **SECTION 39.23.(b)** If the Director of the Budget determines that funds appropriated  
28 to a State agency for mandated salary increases and employee benefits exceed the amount  
29 required by that agency for those purposes, the Director may reallocate those funds to other State  
30 agencies that received insufficient funds for required cost-of-living and benefit increases.

31 **SECTION 39.23.(c)** Funds appropriated for cost-of-living adjustments and  
32 employee benefit increases may not be used to adjust the budgeted salaries of vacant positions,  
33 or to provide salary increases in excess of those required by the General Assembly except to  
34 increase the budgeted salary of any position to the minimum of the position's salary range.

35 **SECTION 39.23.(d)** Any funds appropriated for cost-of-living adjustment and  
36 employee benefit increases or minimum of salary range adjustments in excess of the amounts  
37 required to implement the increases shall be credited to the Pay Plan Reserve.

38 **SECTION 39.23.(e)** No later than March 1 of each year of the biennium, the Office  
39 of State Budget and Management shall report to the Joint Legislative Commission on  
40 Governmental Operations on the expenditure of funds for legislatively mandated salary increases  
41 and employee benefits. This report shall include at least the following information for each State  
42 agency:

- 43 (1) The total amount of funds that the agency received for legislatively mandated  
44 salary increases and employee benefits.
- 45 (2) The total amount of funds transferred from the agency to other State agencies  
46 pursuant to subsection (b) of this section. This section of the report shall  
47 identify the amounts transferred to each recipient State agency.
- 48 (3) The total amount of funds used by the agency for legislatively mandated salary  
49 increases and employee benefits.
- 50 (4) The amount of funds used pursuant so subsection (c) of this section.



1 **MITIGATE BONUS LEAVE**

2 **SECTION 39.24.** During the 2023-2025 fiscal biennium, State agencies,  
 3 departments, institutions, the North Carolina Community College System, and The University of  
 4 North Carolina may offer State employees the opportunity to use or to cash in special bonus leave  
 5 benefits that have accrued pursuant to Section 28.3A of S.L. 2002-126, Section 30.12B(a) of S.L.  
 6 2003-284, Section 29.14A of S.L. 2005-276, and Section 35.10A of S.L. 2014-100, but only if  
 7 all of the following requirements are met:

- 8 (1) Employee participation in the program must be voluntary.
- 9 (2) Special leave that is liquidated for cash payment to an employee must be  
 10 valued at the amount based on the employee's current annual salary rate.
- 11 (3) By September 1, 2026, and September 1, 2027, a report on the use of this  
 12 provision shall be submitted to the respective agency head or employing  
 13 agency and to the Fiscal Research Division.

14  
 15 **SALARY-RELATED CONTRIBUTIONS**

16 **SECTION 39.25.(a)** Notwithstanding G.S. 135-8(d)(3a), effective July 1, 2025, the  
 17 State's employer contribution rates budgeted for retirement and related benefits as a percentage  
 18 of covered salaries for the 2025-2026 fiscal year for teachers and State employees, State law  
 19 enforcement officers (LEOs), the University and Community Colleges Optional Retirement  
 20 Programs (ORPs), the Consolidated Judicial Retirement System (CJRS), and the Legislative  
 21 Retirement System (LRS) are as set forth below:

	<b>Teachers and State Employees</b>	<b>State LEOs</b>	<b>ORPs</b>	<b>CJRS</b>	<b>LRS</b>
25 Retirement	17.39%	17.39%	6.84%	38.95%	20.34%
26 Disability	0.07%	0.07%	0.07%	0.00%	0.00%
27 Death	0.13%	0.13%	0.00%	0.00%	0.00%
28 Retiree Health	7.27%	7.27%	7.27%	7.27%	7.27%
29 NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%

30  
 31 **Total Contribution**

32 <b>Rate</b>	24.86%	29.86%	14.18%	46.22%	27.61%
----------------	--------	--------	--------	--------	--------

33 The rate for teachers and State employees and State law enforcement officers includes  
 34 one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

35 **SECTION 39.25.(b)** Notwithstanding G.S. 135-8(d)(3a), effective July 1, 2026, the  
 36 State's employer contribution rates budgeted for retirement and related benefits as a percentage  
 37 of covered salaries for the 2026-2027 fiscal year for teachers and State employees, State law  
 38 enforcement officers (LEOs), the University and Community Colleges Optional Retirement  
 39 Programs (ORPs), the Consolidated Judicial Retirement System (CJRS), and the Legislative  
 40 Retirement System (LRS) are as set forth below:

	<b>Teachers and State Employees</b>	<b>State LEOs</b>	<b>ORPs</b>	<b>CJRS</b>	<b>LRS</b>
44 Retirement	16.79%	16.79%	6.84%	37.73%	19.32%
45 Disability	0.07%	0.07%	0.07%	0.00%	0.00%
46 Death	0.13%	0.13%	0.00%	0.00%	0.00%
47 Retiree Health	7.56%	7.56%	7.56%	7.56%	7.56%
48 NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%

49  
 50 **Total Contribution**

51 <b>Rate</b>	24.55%	29.55%	14.47%	45.29%	26.88%
----------------	--------	--------	--------	--------	--------

1 The rate for teachers and State employees and State law enforcement officers includes  
2 one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

3 **SECTION 39.25.(c)** Effective July 1, 2025, the maximum annual employer  
4 contributions, payable monthly, by the State to the North Carolina State Health Plan for Teachers  
5 and State Employees for each covered employee and the average covered retiree are as follows:

6 (1) For employees, eight thousand four hundred nineteen (\$8,419)

7 (2) For retirees, five thousand six hundred twenty-one dollars (\$5,621). In applying  
8 this subdivision, the annual employer contribution for the average retiree shall be  
9 calculated assuming the retiree enrollment counts remain at the April 2025 level  
10 throughout the 2025-2026 fiscal year.

11 **SECTION 39.25.(d)** Effective July 1, 2026, the maximum annual employer  
12 contributions, payable monthly, by the State to the North Carolina State Health Plan for Teachers  
13 and State Employees for each covered employee and the average covered retiree are as follows:

14 (1) For employees, eight thousand seven hundred fifty-six dollars (\$8,756).

15 (2) For retirees, five thousand eight hundred forty-six dollars (\$5,846). In applying  
16 this subdivision, the annual employer contribution for the average retiree shall be  
17 calculated assuming the retiree enrollment counts remain at the April 2026 level  
18 throughout the 2026-2027 fiscal year.

19  
20 **PROVIDE COST-OF-LIVING ADJUSTMENT FOR RETIREES OF THE TEACHERS'**  
21 **AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED**  
22 **JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT**  
23 **SYSTEM**

24 **SECTION 39.26.(a)** G.S. 135-5 is amended by adding new subsections to read:

25 "(aaaa) After September 1, 2025, but on or before October 31, 2025, a onetime cost of living  
26 supplement payment shall be made to or on account of beneficiaries who are living as of September  
27 1, 2025, and whose retirement commenced on or before September 1, 2025. The payment shall be  
28 two percent (2%) of the beneficiary's annual retirement allowance payable as of September 1, 2025,  
29 and shall not be prorated for date of retirement commencement. If the beneficiary dies before the  
30 payment is made, then the payment shall be payable to the member's legal representative. No  
31 beneficiary shall be deemed to have acquired a vested right to any future supplemental payments."

32 **SECTION 39.26.(b)** G.S. 135-65 is amended by adding a new subsection to read:

33 "(ll) After September 1, 2025, but on or before October 31, 2025, a onetime cost of living  
34 supplement payment shall be made to or on account of beneficiaries who are living as of September  
35 1, 2025, and whose retirement commenced on or before September 1, 2025. The payment shall be  
36 two percent (2%) of the beneficiary's annual retirement allowance payable as of September 1, 2025,  
37 and shall not be prorated for date of retirement commencement. If the beneficiary dies before the  
38 payment is made, then the payment shall be payable to the member's legal representative. No  
39 beneficiary shall be deemed to have acquired a vested right to any future supplemental payments."

40 **SECTION 39.26.(c)** G.S. 120-4.22A is amended by adding a new subsection to read:

41 "(ff) In accordance with subsection (a) of this section, after September 1, 2025, but on or  
42 before October 31, 2025, a onetime cost of living supplement payment shall be made to or on account  
43 of beneficiaries who are living as of September 1, 2025, and whose retirement commenced on or  
44 before September 1, 2025. The payment shall be two percent (2%) of the beneficiary's annual  
45 retirement allowance payable as of September 1, 2025, and shall not be prorated for date of retirement  
46 commencement. If the beneficiary dies before the payment is made, then the payment shall be payable  
47 to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right  
48 to any future supplemental payments."

49  
50 **PART XL. CAPITAL**

51  
52 **GENERAL FUND CAPITAL APPROPRIATIONS/INTRODUCTION**

1           **SECTION 40.1.** The appropriations made by the 2025 General Assembly for capital  
2 improvements are for constructing, repairing, or renovating State buildings, utilities, and other  
3 capital facilities, for acquiring sites for them where necessary, and for acquiring buildings and  
4 land for State government purposes.

5  
6           **CAPITAL APPROPRIATIONS/STATE CAPITAL AND INFRASTRUCTURE FUND**

7           **SECTION 40.2.** This subsection authorizes the capital projects listed in the  
8 Committee Report, and appropriates funding from the State Capital and Infrastructure Fund to  
9 the Office of State Budget and Management for the 2025-2027 fiscal biennium based upon  
10 projected cash flow needs for the authorized projects. The amounts authorized in this subsection  
11 represent the maximum amounts of funding from the State Capital and Infrastructure Fund that  
12 may be expended on each project. An additional action by the General Assembly is required to  
13 increase the maximum authorization for any of the projects listed.

14  
15           **CAPITAL IMPROVEMENT & REPAIRS AND RENOVATIONS APPROPRIATIONS**

16           **SECTION 40.3.** Section 40.1 of S.L. 2023-134 reads as rewritten:

17           **"SECTION 40.1.(a)** The following agency capital improvement projects have been assigned  
18 a project code for reference to allocations in this Part, past allocations, and for intended project  
19 support by the General Assembly for future fiscal years:

<b>Agency Capital Improvement Project</b>	<b>Project Code</b>
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
Research Stations–New Maintenance Shop Facilities	DACS23-8
Piedmont Research Station–Bridge	DACS23-9
Research Stations–Multipurpose Facilities	DACS23-10
NCFS–New County Offices, Region 3	DACS23-11
Tuttle Educational State Forest–Office & Education Center	DACS23-12
D-12–New Headquarters & Shop	DACS23-13
NCFS–Property Purchase	DACS23-14
<u>New Cherokee County NC Forest Service Office</u>	<u>DACS25-15</u>
<u>State Fair Midway Center Expansion</u>	<u>DACS25-16</u>
<u>Western NC Agricultural Center Expansion</u>	<u>DACS25-17</u>
<u>Charlotte Farmer's Market</u>	<u>DACS25-18</u>
<u>Western NC Farmer's Market</u>	<u>DACS25-19</u>
Department of Environmental Quality	
Reedy Creek Laboratory	DEQ21-1
<u>Reedy Creek Laboratory Campus Expansion</u>	<u>DEQ25-2</u>
<u>Water Resource Development Grant – Tar-Pamlico Flood Mitigation</u>	<u>DEQ25-3</u>
<u>Water Resource Development Grant – Carolina Beach Storm Mitigation</u>	<u>DEQ25-4</u>
<u>Water Resource Development Grant – Kure Beach Storm Mitigation</u>	<u>DEQ25-5</u>
<u>Water Resource Development Grant – Wrightsville Beach Storm Mitigation</u>	<u>DEQ25-6</u>
<u>Water Resource Development Grant – Ocean Isle Storm Mitigation</u>	<u>DEQ25-7</u>

1	<u>Water Resource Development Grant – B. Everette Jordan Reservoir</u>	DEQ25-8
2	<u>Water Resource Development Grant – Holden Beach Storm Mitigation</u>	DEQ25-9
3	<u>Water Resource Development Grant – Oak Island Storm Mitigation</u>	DEQ25-10
4		
5	Department of Health and Human Services	
6	Walter B. Jones–New Medical Office Bldg.	DHHS23-1
7	Broughton Hospital–New Maintenance & Warehouse Facility	DHHS23-2
8	Cherry Hospital–New Maintenance Bldg.	DHHS23-3
9	South Piedmont Medical Examiner	DHHS23-4
10	<u>O'Berry Neuro-Medical Treatment Center</u>	<u>DHHS25-5</u>
11	<u>Julian Keith Alcohol &amp; Drug Abuse Treatment Center</u>	<u>DHHS25-6</u>
12	<u>Raleigh Medical Examiners Office Expansion</u>	<u>DHHS25-7</u>
13		
14	Department of Natural and Cultural Resources	
15	Fort Fisher Aquarium–Aquarium Expansion	DNCR21-5
16	NC Museum of History–Expansion	DNCR21-13
17	Zoo–New Aviary	DNCR23-1
18	NC Museum of Art at Winston-Salem/SECCA	DNCR23-2
19	Stone Mountain State Park–Parking Lot	DNCR23-4
20	North Carolina Maritime Museum at Beaufort	DNCR23-5
21	Town Creek Indian Mound State Historic Site–	
22	Visitor Center & Exhibit Improvements	DNCR23-6
23	State Historic Sites–Three New Visitor Centers	DNCR23-7
24	Thomas Day House–Site Development	DNCR23-8
25	Lake Waccamaw State Park–New Campground	DNCR23-12
26	Lumber River State Park–Wire Pasture Access Development	DNCR23-13
27	NC Maritime Museum at Southport	DNCR23-14
28	NC Transportation Museum	DNCR23-15
29	Fort Fisher Historic Site	DNCR23-16
30	<u>Fort Fisher Aquarium Expansion &amp; Renovations</u>	<u>DNCR25-17</u>
31	<u>Stone Mountain State Park – New Visitor Center</u>	<u>DNCR25-18</u>
32	<u>State Historic Sites – Maintenance and Services Facilities</u>	<u>DNCR25-19</u>
33	<u>NC Museum of Art at Winston-Salem Expansion</u>	<u>DNCR25-20</u>
34	<u>NC Zoo Modular Staff Offices</u>	<u>DNCR25-21</u>
35	<u>African American Monument at the State Capitol</u>	<u>DNCR25-22</u>
36	<u>State Parks – Chimney Rock</u>	<u>DNCR25-23</u>
37	<u>NC Zoo Park Security &amp; Safety</u>	<u>DNCR25-24</u>
38		
39	Department of Administration	
40	State Government Executive Headquarters	DOA22-1
41	Department of Instruction Building Renovation	DOA22-3
42	Service Campus	DOA23-1
43	State Agency Lease	DOA23-2
44	Archdale Building Demolition	DOA23-3
45	Caswell Square Demolition	DOA23-4
46	Parking Deck–Wilmington Street	DOA23-5
47	Albemarle Building Facility Improvements	DOA23-6
48	<u>Secure Records and Technology Center</u>	<u>DOA25-7</u>
49	<u>Bicentennial Mall Replacement</u>	<u>DOA25-8</u>
50	<u>State Government Child Care Centers</u>	<u>DOA25-9</u>
51	<u>Replacement Administration Building</u>	<u>DOA25-10</u>

1		
2	Department of Commerce	
3	Wanchese Marine Industrial Park–Covered Workspace	COMM23-1
4		
5	Department of Adult Correction	
6	Stun Fencing	DAC23-1
7	DARTCenter–Exterior Envelope Repairs	DAC23-2
8	Sampson CC–Gatehouse	DAC23-3
9	Gaston CC–Modular Medical Office	DAC23-4
10	Storage Buildings	DAC23-6
11	<u>Institution Roof Systems</u>	<u>DAC25-7</u>
12	<u>Institution Perimeter Security</u>	<u>DAC25-8</u>
13	<u>Institution Interior Life Safety Fire Alarm Systems</u>	<u>DAC25-9</u>
14	<u>HVAC Enhancements</u>	<u>DAC25-10</u>
15		
16	Department of Public Safety	
17	<u>Samarcaand Training Academy for Safer Schools Supplemental</u>	<u>DPS25-1</u>
18	State Highway Patrol–	
19	Viper Building	DPS21-6
20	Auditorium	DPS23-3
21	Training Academy Facilities Enhancement–Phases 3-6	DPS23-4
22	Training Center Cadet Dorm & Training Bldg.	DPS23-7
23	<del>State Bureau of Investigation–</del>	
24	<del>Headquarters &amp; Building 12 Renovation</del>	<del>DPS21-9</del>
25	<del>Logistics Building Phase 1</del>	<del>DPS23-11</del>
26	Juvenile Justice–	
27	Richmond YDC	DPS21-1
28	New Youth Detention Center	DPS23-1
29	Cabarrus YDC–Perimeter Fence Modifications	DPS23-5
30	Cabarrus–New Modular Office	DPS23-6
31	<u>Richmond Juvenile Detention Center</u>	<u>DPS25-7</u>
32	Emergency Management–	
33	Badin Logistics Support Center Shed	DPS23-8
34	Badin Warehouse Expansion	DPS23-9
35	Badin Lot Acquisition	DPS23-10
36	National Guard–	
37	NCNG Matching Fund	NG23-1
38	Ballentine Building/NCNG Museum	NG23-2
39	Constable Building	NG23-3
40	Rocky Mount Complex/MILCON	NG23-4
41	Special Forces Complex	NG23-5
42	Winston Salem Storage Buildings	NG23-6
43	Louisburg Readiness Center	NG23-9
44	<u>National Guard Matching Fund</u>	<u>NG25-10</u>
45	<u>Western Region RSOI Site – Morganton</u>	<u>NC25-11</u>
46		
47	<u>State Bureau of Investigation</u>	
48	<u>Headquarters &amp; Building 12 Renovation</u>	<u>DPS21-9</u>
49	<u>Logistics Building – Phase 1</u>	<u>DPS23-11</u>
50	<u>Logistics Building – Phase 2</u>	<u>SBI25-1</u>
51	<u>State Highway Patrol Maintenance Building</u>	<u>SBI25-2</u>

1		
2	Department of Public Instruction	
3	Center for the Advancement of Teaching	DPI21-1
4		
5	Department of Insurance	
6	Office of State Fire Marshal–	
7	Land Development & Training Center	DOI21-1
8	<u>Statewide Building Evaluations</u>	<u>DOI25-2</u>
9		
10	Department of Transportation	
11	North Carolina Global TransPark Authority–	
12	Aircraft Maintenance Repair & Overhaul Facility	TRAN23-1
13	DOT– New County Buildings	TRAN23-2
14		
15	General Assembly	
16	Education Campus Project	NCGA21-3
17	Education Campus Parking Deck	NCGA23-1
18	Education Campus Demolition	NCGA23-2
19	<u>Education Campus Supplemental</u>	<u>NCGA25-4</u>
20		
21	<u>Department of Military and Veterans Affairs</u>	
22	<u>Fayetteville Veterans Home</u>	<u>DMVA25-1</u>
23		
24	The University of North Carolina	
25	Appalachian State University–	
26	Peacock Hall/Business	UNC/ASU21-1
27	Hickory Campus	UNC/ASU22-1
28	Walker Hall–Interior Renovation	UNC/ASU23-1
29	University of North Carolina at Charlotte–	
30	Smith Hall–Comprehensive Renovation	UNC/CLT23-1
31	Colvard Hall–Comprehensive Renovation	UNC/CLT23-2
32	Esports	UNC/CLT23-3
33	Stadium Upgrades	UNC/CLT23-4
34	University of North Carolina at Chapel Hill–	
35	Business School	UNC/CH20-1
36	Nursing School Renovation	UNC/CH20-2
37	Gardner Hall–Comprehensive Renovation	UNC/CH23-1
38	<u>Wilson Library – Comprehensive Renovation</u>	<u>UNC/CH25-3</u>
39	<u>Carolina North Infrastructure</u>	<u>UNC/CH25-4</u>
40	Elizabeth City State University–	
41	Flight School	UNC/ECS21-4
42	Infrastructure Repairs–Phase 3	UNC/ECS23-1
43	Jenkins Hall/Dixon Hall–Labs/Classroom/Bldg. Renovation	UNC/ECS23-2
44	<u>Sky Bridge Increase</u>	<u>UNC/ECS25-5</u>
45	East Carolina University–	
46	Brody School of Medicine	UNC/ECU21-1
47	Howell Science Building North–Comprehensive Renovation	UNC/ECU23-1
48	Leo Jenkins Building/Health Sciences–Comprehensive Renovation	UNC/ECU23-2
49	Medical Examiner Office	UNC/ECU23-3
50	Regional Children's Behavioral Health Facility	UNC/ECU23-4
51	Dental School Planning	UNC/ECU23-5

1	<u>Brody School of Medicine Expansion</u>	<u>UNC/ECU25-6</u>
2	<u>UNC Coastal Studies Institute Housing</u>	<u>UNC/ECU25-7</u>
3	Fayetteville State University–	
4	College of Education	UNC/FSU21-2
5	Butler Targeted Renovation	UNC/FSU23-1
6	H.L. Cook Building–Renovation & Addition	UNC/FSU23-2
7	North Carolina Agricultural & Technical State University–	
8	Marteena Hall–Renovation, Phase 2	UNC/A&T23-1
9	Health and Human Sciences Bldg.	UNC/A&T23-2
10	North Carolina Central University–	
11	Dent Building–Comprehensive Renovation	UNC/NCC23-1
12	Edmonds Classroom Building–Comprehensive Renovation	UNC/NCC23-2
13	University Theater Renovation	UNC/NCC23-3
14	North Carolina State University–	
15	S.T.E.M. Building	UNC/NCS20-1
16	Mann Hall–Renovation, Phase 2	UNC/NCS23-1
17	Dabney Hall–Renovation, Phase 2	UNC/NCS23-2
18	Polk Hall–Renovation, Phase 2	UNC/NCS23-3
19	Veterinary School–Large Animal Hospital	UNC/NCS23-4
20	Engineering Classroom Building	UNC/NCS23-5
21	Nuclear Study	UNC/NCS23-6
22	Business School	UNC/NCS23-7
23	<u>Poe Hall</u>	<u>UNC/NCS25-8</u>
24	North Carolina School of Science and Math–	
25	Morganton Campus	
26	Wellness Center	UNC/SSM23-1
27	Durham Campus	
28	Renovation of Residence Halls	UNC/SSM23-2
29	Academic Commons Addition	UNC/SSM23-4
30	University of North Carolina at Asheville–	
31	Lipinsky Hall–Comp. Modernization/Addition	UNC/AVL23-1
32	Sherrill Center	UNC/AVL23-2
33	Gateway Signage	UNC/AVL23-3
34	Repairs & Renovations	UNC/AVL23-4
35	University of North Carolina at Greensboro–	
36	Moore Building–Renovation	UNC/GBO23-1
37	University of North Carolina at Pembroke–	
38	Health Sciences Center	UNC/PEM21-1
39	Givens Performing Arts Center–Renovation	UNC/PEM23-1
40	University of North Carolina School of the Arts–	
41	Stevens Center–Renovation, Phase 2	UNC/SA23-1
42	New High School Residence Hall	UNC/SA23-2
43	University of North Carolina at Wilmington–	
44	Cameron Hall–Comprehensive Renovation/Expansion	UNC/WIL23-1
45	Kenan Auditorium–Comprehensive Renovation/Expansion	UNC/WIL23-2
46	DeLoach Hall–Modernization	UNC/WIL23-3
47	Health Education Bldg.	UNC/WIL23-4
48	Western Carolina University–	
49	Replacement Engineering Building	UNC/WCU23-1
50	Winston-Salem State University–	
51	K.R. Williams Auditorium	UNC/WSS21-1

1	Eller Hall–Renovation & Elevator Addition	UNC/WSS23-1
2	Pegram Hall–Renovation & Elevator Addition	UNC/WSS23-2
3	Campus Police Improvements	UNC/WSS23-3
4	<u>New Dining Hall</u>	<u>UNC/WSS25-4</u>
5	<u>West Campus Regional Heating Plant</u>	<u>UNC/WSS25-5</u>
6	<u>New Parking Deck</u>	<u>UNC/WSS25-6</u>
7	UNC Board of Governors–	
8	UNC Lease Funds	UNC/BOG21-1
9	NC Care Health Clinics	UNC/BOG23-1
10	NC Care Hospital Investment	UNC/BOG23-2
11	Children's Hospital	UNC/BOG23-3
12	PBS North Carolina	UNC/PBS23-1

13		
14	Repairs and Renovations–The University of North Carolina	UNC/R&R21
15	Repairs and Renovations–State Agencies (non-UNC)	R&R21
16	SCIF-Related Personnel	PERS21
17	OSBM Flexibility Funds	FLEX21
18	Debt Payoff	DST23-1
19	Wildlife Resources Commission–Setzer Hatchery Revision	WRC23-1

20 **SECTION 40.1.(b)** This subsection authorizes the following capital projects in the  
21 2023-2025 fiscal biennium based upon projected cash flow needs for the authorized projects. The  
22 authorizations provided in this subsection represent the maximum amount of funding from the  
23 State Capital and Infrastructure Fund that may be expended on each project and do not reflect  
24 authorizations from other non-State Capital and Infrastructure Fund sources. An additional action  
25 by the General Assembly is required to increase the maximum authorization for any of the  
26 projects listed:

27 **Capital Improvements–**

28	<b>State Capital and</b>	<b>Previous</b>	<b>New/Updated</b>
29	<b>Infrastructure Fund</b>	<b>Project Authorization</b>	<b>Project Authorization</b>
30	DACS21-2	\$3,518,000	\$7,018,000
31	DACS21-4	4,000,000	8,100,000
32	DACS23-1	N/A	2,500,000
33	DACS23-2	N/A	200,000
34	DACS23-3	N/A	13,000,000
35	DACS23-4	N/A	1,750,000
36	DACS23-5	N/A	749,000
37	DACS23-6	N/A	750,000
38	DACS23-7	N/A	4,000,000
39	DACS23-8	N/A	5,000,000
40	DACS23-9	N/A	750,000
41	DACS23-10	N/A	6,200,000
42	DACS23-11	N/A	3,000,000
43	DACS23-12	N/A	4,000,000
44	DACS23-13	N/A	5,000,000
45	DACS23-14	N/A	12,000,000
46	<u>DACS25-15</u>	<u>N/A</u>	<u>1,500,000</u>
47	<u>DACS25-16</u>	<u>N/A</u>	<u>2,000,000</u>
48	<u>DACS25-17</u>	<u>N/A</u>	<u>2,250,000</u>
49	<u>DACS25-18</u>	<u>N/A</u>	<u>10,000,000</u>
50	<u>DACS25-19</u>	<u>N/A</u>	<u>3,500,000</u>
51	DEQ21-1	55,000,000	68,300,000



1	<u>DEQ25-2</u>	N/A	48,000,000
2	<u>DEQ25-3</u>	N/A	8,000,000
3	<u>DEQ25-4</u>	N/A	3,070,250
4	<u>DEQ25-5</u>	N/A	2,878,615
5	<u>DEQ25-6</u>	N/A	1,889,462
6	<u>DEQ25-7</u>	N/A	1,976,154
7	<u>DEQ25-8</u>	N/A	437,994
8	<u>DEQ25-9</u>	N/A	125,000
9	<u>DEQ25-10</u>	N/A	400,000
10	DHHS23-1	N/A	1,352,000
11	DHHS23-2	N/A	5,983,000
12	DHHS23-3	N/A	5,405,000
13	DHHS23-4	N/A	20,000,000
14	<u>DHHS25-5</u>	N/A	21,303,730
15	<u>DHHS25-6</u>	N/A	4,668,701
16	<u>DHHS25-7</u>	N/A	35,260,920
17	DNCR21-5	15,000,000	45,000,000
18	DNCR21-13	60,000,000	180,000,000
19	DNCR23-1	N/A	60,000,000
20	DNCR23-2	N/A	15,000,000
21	DNCR23-4	N/A	620,000
22	DNCR23-5	N/A	10,000,000
23	DNCR23-6	N/A	5,500,000
24	DNCR23-7	N/A	16,721,240
25	DNCR23-8	N/A	4,000,000
26	DNCR23-12	N/A	3,000,000
27	DNCR23-13	N/A	2,500,000
28	DNCR23-14	N/A	2,000,000
29	DNCR23-15	N/A	5,000,000
30	DNCR23-16	N/A	2,800,000
31	<u>DNCR25-17</u>	N/A	20,000,000
32	<u>DNCR25-18</u>	N/A	10,662,000
33	<u>DNCR25-19</u>	N/A	9,150,000
34	<u>DNCR25-20</u>	N/A	4,400,000
35	<u>DNCR25-21</u>	N/A	5,800,000
36	<u>DNCR25-22</u>	N/A	5,000,000
37	<u>DNCR25-23</u>	N/A	2,630,000
38	<u>DNCR25-24</u>	N/A	7,600,000
39	DOA22-1	88,000,000	88,000,000
40	DOA22-3	15,000,000	60,000,000
41	DOA23-1	N/A	33,744,000
42	DOA23-2	N/A	4,500,000
43	DOA23-3	N/A	11,000,000
44	DOA23-4	N/A	15,000,000
45	DOA23-5	N/A	45,000,000
46	DOA23-6	N/A	5,000,000
47	<u>DOA25-7</u>	N/A	102,172,000
48	<u>DOA25-8</u>	N/A	8,746,960
49	<u>DOA25-9</u>	N/A	1,000,000
50	<u>DOA25-10</u>	N/A	1,400,000
51	COMM231	N/A	250,000

1	DAC23-1	N/A	23,992,000
2	DAC23-2	N/A	2,960,212
3	DAC23-3	N/A	1,521,000
4	DAC23-4	N/A	1,078,000
5	DAC236	N/A	3,488,000
6	<u>DAC25-7</u>	<u>N/A</u>	<u>97,376,135</u>
7	<u>DAC25-8</u>	<u>N/A</u>	<u>80,000,000</u>
8	<u>DAC25-9</u>	<u>N/A</u>	<u>50,000,000</u>
9	<u>DAC25-10</u>	<u>N/A</u>	<u>12,480,000</u>
10	DPS21-1	10,702,952	14,702,952
11	DPS21-6	7,139,374	10,634,998
12	DPS23-1	N/A	40,450,000
13	DPS23-3	N/A	35,000,000
14	DPS23-4	N/A	194,000,000
15	DPS23-5	N/A	886,000
16	DPS23-6	N/A	690,000
17	DPS23-7	N/A	43,336,785
18	DPS23-8	N/A	527,000
19	DPS23-9	N/A	5,048,828
20	DPS23-10	N/A	4,198,414
21	DPS23-11	N/A	13,883,000
22	<u>DPS25-1</u>	<u>N/A</u>	<u>36,200,000</u>
23	<u>DPS25-7</u>	<u>N/A</u>	<u>2,802,000</u>
24	NG23-2	N/A	12,500,000
25	NG23-3	N/A	16,428,582
26	NG23-4	N/A	8,500,000
27	NG23-5	N/A	8,000,000
28	NG23-6	N/A	550,000
29	NG23-9	N/A	3,666,667
30	<u>NG25-10</u>	<u>N/A</u>	<u>10,000,000</u>
31	<u>NC25-11</u>	<u>N/A</u>	<u>6,600,000</u>
32	<u>SBI25-1</u>	<u>N/A</u>	<u>24,048,000</u>
33	<u>SBI25-2</u>	<u>N/A</u>	<u>7,039,000</u>
34	DPI21-1	23,416,952	30,416,952
35	DOI21-1	3,500,000	58,500,000
36	<u>DOI25-2</u>	<u>N/A</u>	<u>7,500,000</u>
37	TRAN23-1	N/A	350,000,000
38	TRAN23-2	N/A	3,400,000
39	NCGA21-3	269,000,000	320,000,000
40	NCGA23-1	N/A	65,000,000
41	NCGA23-2	N/A	10,000,000
42	<u>NCGA25-4</u>	<u>N/A</u>	<u>11,300,000</u>
43	<u>DMVA25-1</u>	<u>N/A</u>	<u>10,000,000</u>
44	UNC/ASU21-1	25,000,000	40,000,000
45	UNC/ASU22-1	9,000,000	50,000,000
46	UNC/ASU23-1	N/A	18,000,000
47	UNC/CLT23-1	N/A	36,000,000
48	UNC/CLT23-2	N/A	45,000,000
49	UNC/CLT23-3	N/A	1,500,000
50	UNC/CLE23-4	N/A	25,000,000
51	UNC/CH20-1	75,000,000	89,250,000

1	UNC/CH20-2	65,200,000	87,900,000
2	UNC/CH23-1	N/A	25,000,000
3	<u>UNC/CH25-3</u>	<u>N/A</u>	<u>150,000,000</u>
4	<u>UNC/CH25-4</u>	<u>N/A</u>	<u>80,000,000</u>
5	UNC/ECS21-4	34,000,000	54,000,000
6	UNC/ECS23-1	N/A	20,000,000
7	UNC/ECS23-2	N/A	12,500,000
8	<u>UNC/ECS25-5</u>	<u>N/A</u>	<u>5,000,000</u>
9	UNC/ECU21-1	215,000,000	265,000,000
10	UNC/ECU23-1	N/A	46,000,000
11	UNC/ECU23-2	N/A	18,900,000
12	UNC/ECU23-3	N/A	35,000,000
13	UNC/ECU23-4	N/A	50,000,000
14	UNC/ECU23-5	N/A	1,000,000
15	<u>UNC/ECU25-6</u>	<u>N/A</u>	<u>10,000,000</u>
16	<u>UNC/ECU25-7</u>	<u>N/A</u>	<u>15,000,000</u>
17	UNC/FSU23-1	N/A	20,750,000
18	UNC/FSU23-2	N/A	10,000,000
19	UNC/A&T23-1	N/A	9,700,000
20	UNC/A&T23-2	N/A	125,500,000
21	UNC/NCC23-1	N/A	12,073,798
22	UNC/NCC23-2	N/A	12,999,424
23	UNC/NCC23-3	N/A	8,500,000
24	UNC/NCS23-1	N/A	30,000,000
25	UNC/NCS23-2	N/A	80,000,000
26	UNC/NCS23-3	N/A	63,000,000
27	UNC/NCS23-4	N/A	120,000,000
28	UNC/NCS23-5	N/A	200,000,000
29	UNC/NCS23-6	N/A	3,000,000
30	UNC/NCS23-7	N/A	4,500,000
31	<u>UNC/NCS25-8</u>	<u>N/A</u>	<u>180,000,000</u>
32	UNC/SSM23-1	N/A	12,000,000
33	UNC/SSM23-2	N/A	28,988,042
34	UNC/SSM23-4	N/A	10,000,000
35	UNC/AVL23-1	N/A	26,150,000
36	UNC/AVL23-2	N/A	5,000,000
37	UNC/AVL23-3	N/A	1,000,000
38	UNC/AVL23-4	N/A	4,000,000
39	UNC/GBO23-1	N/A	24,200,000
40	UNC/PEM23-1	N/A	61,000,000
41	UNC/SA23-1	N/A	51,000,000
42	UNC/SA23-2	N/A	24,500,000
43	UNC/WIL23-1	N/A	40,050,000
44	UNC/WIL23-2	N/A	21,600,000
45	UNC/WIL23-3	N/A	12,150,000
46	UNC/WIL23-4	N/A	8,000,000
47	UNC/WCU23-1	N/A	95,300,000
48	UNC/WSS23-1	N/A	10,800,000
49	UNC/WSS23-2	N/A	16,000,000
50	UNC/WSS23-3	N/A	4,000,000
51	<u>UNC/WSS25-4</u>	<u>N/A</u>	<u>25,000,000</u>

1	<u>UNC/WSS25-5</u>	<u>N/A</u>	<u>14,000,000</u>
2	<u>UNC/WSS25-6</u>	<u>N/A</u>	<u>25,000,000</u>
3	UNC/BOG21-1	15,000,000	18,750,000
4	UNC/BOG23-1	N/A	210,000,000
5	UNC/BOG23-2	N/A	150,000,000
6	UNC/BOG23-3	N/A	319,746,392
7	UNC/PBS23-1	N/A	49,500,000
8	FLEX21	100,000,000	175,000,000
9	WRC/23-1	N/A	20,000,000
10	..."		

**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	
24	UNC/R&R21	280,503	250,000	<del>200,000</del> 210,000	200,000	200,000	200,000
25	R&R21	200,000	200,000	<del>200,000</del> 210,000	200,000	200,000	200,000
26	DACS21-2	N/A	2,000	1,500	N/A	N/A	N/A
27	DACS21-4	750	1,850	1,500	N/A	N/A	N/A
28	DACS23-3	N/A	3,000	2,000	4,000	4,000	N/A
29	DACS23-7	N/A	N/A	4,000	N/A	N/A	N/A
30	DACS23-8	N/A	N/A	2,000	1,000	1,000	1,000
31	DACS23-9	N/A	N/A	750	N/A	N/A	N/A
32	DACS23-10	N/A	N/A	2,000	2,000	2,200	N/A
33	DACS23-11	N/A	N/A	N/A	1,500	1,500	N/A
34	DACS23-12	N/A	N/A	N/A	4,000	N/A	N/A
35	DACS23-13	N/A	N/A	N/A	5,000	N/A	N/A
36	<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>
37	<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>
38	<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>
39	<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>
40	<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>
41	DEQ21-1	3,325	28,650	17,075	N/A	N/A	N/A
42	<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>
43	<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>
44	<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>
45	<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>
46	<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>
47	<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>
48	<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>
49	<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>
50	<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>
51	<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>

1	DHHS25-6	N/A	N/A	4,668.701	N/A	N/A	N/A
2	DHHS25-7	N/A	N/A	17,630.46	17,630.46	N/A	N/A
3	DNCR21-13	15,000	24,250	86,800	30,950	N/A	N/A
4	DNCR23-1	3,000	3,000	30,000	24,000	N/A	N/A
5	DNCR23-7	2,000	7,721.24	7,000	N/A	N/A	N/A
6	DNCR25-17	N/A	N/A	20,000	N/A	N/A	N/A
7	DNCR25-18	N/A	N/A	N/A	10,662	N/A	N/A
8	DNCR25-19	N/A	N/A	1,650	7,500	N/A	N/A
9	DNCR25-20	N/A	N/A	4,400	N/A	N/A	N/A
10	DNCR25-21	N/A	N/A	1,000	4,800	N/A	N/A
11	DNCR25-22	N/A	N/A	5,000	N/A	N/A	N/A
12	DNCR25-23	N/A	N/A	2,630	N/A	N/A	N/A
13	DNCR25-24	N/A	N/A	1,600	6,000	N/A	N/A
14	DOA22-1	N/A	N/A	8,800	22,000	35,200	22,000
15	DOA22-3	N/A	N/A	N/A	N/A	21,000	N/A
16	DOA23-1	500	N/A	<del>N/A</del> 1,500	<del>N/A</del> 16,122	<del>1,000</del> 15,622	<del>20,244</del> N/A
17	DOA23-2	2,900	800	800	N/A	N/A	N/A
18	DOA23-3	N/A	N/A	N/A	N/A	N/A	11,000
19	DOA23-4	N/A	N/A	15,000	N/A	N/A	N/A
20	DOA23-5	2,000	3,000	40,000	N/A	N/A	N/A
21	DOA25-7	N/A	N/A	12,000	30,000	30,000	20,000
22	DOA25-8	N/A	N/A	8,746.96	N/A	N/A	N/A
23	DOA25-9	N/A	N/A	1,000	N/A	N/A	N/A
24	DOA25-10	N/A	N/A	1,400	N/A	N/A	N/A
25	DOI21-1	5,500	13,750	22,000	13,750	N/A	N/A
26	DOI25-2	N/A	N/A	7,500	N/A	N/A	N/A
27	DAC23-1	4,776.39	9,607.8	9,607.8	N/A	N/A	N/A
28	DAC23-6	N/A	449	2,439	600	N/A	N/A
29	DAC25-7	N/A	N/A	5,000	5,000	5,000	5,000
30	DAC25-8	N/A	N/A	5,000	5,000	5,000	5,000
31	DAC25-9	N/A	N/A	50,000	N/A	N/A	N/A
32	DAC25-10	N/A	N/A	12,480	N/A	N/A	N/A
33	DPS21-6	N/A	836.88	2,658.75	N/A	N/A	N/A
34	DPS21-9	3,268.05	30,000	19,793.24	N/A	N/A	N/A
35	DPS23-1	N/A	600	10,000	29,850	N/A	N/A
36	DPS23-3	N/A	4,400	8,500	13,600	8,500	N/A
37	DPS23-4	N/A	N/A	N/A	N/A	N/A	19,000
38	DPS23-7	2,000	4,333.68	10,834.2	17,334.71	8,834.2	N/A
39	DPS23-9	1,000	2,024.4	2,024.4	N/A	N/A	N/A
40	DPS23-11	2,028.5	5,927.25	5,927.25	N/A	N/A	N/A
41	DPS25-1	N/A	N/A	27,100	9,120	N/A	N/A
42	DPS25-12	N/A	N/A	3,623	10,212.5	10,212.5	N/A
43	DPS25-13	N/A	N/A	1,070	2,984.5	2,984.5	N/A
44	DPS25-7	N/A	N/A	2,802	N/A	N/A	N/A
45	NG23-1	4,000	6,000	6,000	N/A	N/A	N/A
46	NG23-2	1,500	6,000	5,000	N/A	N/A	N/A
47	NG23-4	N/A	2,000	6,500	N/A	N/A	N/A
48	NG23-5	N/A	N/A	800	4,000	3,200	N/A
49	NG23-9	N/A	666.7	3,000	N/A	N/A	N/A
50	NG25-10	N/A	N/A	10,000	N/A	N/A	N/A
51	NG25-11	N/A	N/A	600	6,000	N/A	N/A

1	TRAN23-1	50,000	125,000	125,000	50,000	N/A	N/A
2	NCGA21-3	N/A	N/A	65,250	74,750	N/A	N/A
3	NCGA23-1	6,500	16,250	26,000	16,250	N/A	N/A
4	<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>
5	<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>
6	WRC23-1	8,000	6,000	6,000	N/A	N/A	N/A
7	UNC/ASU21-1	N/A	7,500	7,500	N/A	N/A	N/A
8	UNC/ASU22-1	N/A	4,100	12,300	14,350	10,250	N/A
9	UNC/ASU23-1	N/A	1,800	6,300	9,900	N/A	N/A
10	UNC/CLT23-1	N/A	3,600	N/A	12,600	19,800	N/A
11	UNC/CLT23-2	N/A	N/A	N/A	N/A	4,500	N/A
12	UNC/CH20-2	N/A	15,756.95	17,693.05	N/A	N/A	N/A
13	UNC/CH23-1	N/A	N/A	N/A	N/A	2,500	10,000
14	<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>
15	<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>
16	UNC/ECS21-4	N/A	30,827.27	9,172.73	N/A	N/A	N/A
17	UNC/ECS23-1	N/A	2,000	8,000	10,000	N/A	N/A
18	UNC/ECS23-2	N/A	N/A	N/A	N/A	1,250	N/A
19	<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>
20	UNC/ECU21-1	N/A	20,000	84,007.3	85,742.72	N/A	N/A
21	UNC/ECU23-1	N/A	4,600	13,800	16,100	11,500	N/A
22	UNC/ECU23-2	N/A	N/A	N/A	N/A	1,890	N/A
23	UNC/ECU23-3	8,750	17,500	8,750	N/A	N/A	N/A
24	<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>
25	<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>
26	UNC/FSU21-2	N/A	36,376.1	6,573.9	N/A	N/A	N/A
27	UNC/FSU23-1	N/A	N/A	N/A	N/A	2,075	N/A
28	UNC/FSU23-2	1,000	3,500	5,500	N/A	N/A	N/A
29	UNC/A&T23-1	970	3,395	5,335	N/A	N/A	N/A
30	UNC/A&T23-2	N/A	N/A	N/A	N/A	2,000	18,825
31	UNC/NCC23-1	1,207.4	N/A	4,829.5	6,036.9	N/A	N/A
32	UNC/NCC23-2	N/A	1,299.94	N/A	4,549.8	7,149.68	N/A
33	UNC/NCC23-3	N/A	850	N/A	2,975	4,675	N/A
34	UNC/NCS20-1	N/A	6,025.2	22,224.8	N/A	N/A	N/A
35	UNC/NCS23-1	N/A	3,000	27,000	N/A	N/A	N/A
36	UNC/NCS23-2	N/A	8,000	24,000	28,000	20,000	N/A
37	UNC/NCS23-3	N/A	6,300	18,900	22,050	15,750	N/A
38	UNC/NCS23-4	N/A	N/A	35,000	35,000	N/A	N/A
39	UNC/NCS23-5	N/A	N/A	N/A	20,000	60,000	60,000
40	<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>
41	UNC/SSM23-2	N/A	12,750	3,500	N/A	12,738.42	N/A
42	UNC/SSM23-4	N/A	N/A	N/A	N/A	1,000	N/A
43	UNC/AVL23-1	2,615	6,537.5	11,767.5	5,230	N/A	N/A
44	UNC/GBO23-1	N/A	2,420	N/A	8,470	13,310	N/A
45	UNC/PEM21-1	N/A	N/A	N/A	N/A	36,400	22,750
46	UNC/PEM23-1	N/A	6,100	24,400	30,500	N/A	N/A
47	UNC/SA23-1	5,100	12,750	22,950	10,200	N/A	N/A
48	UNC/SA23-2	N/A	N/A	N/A	N/A	2,450	8,575
49	UNC/WIL23-1	N/A	4,005	10,012.5	16,020	10,012.5	N/A
50	UNC/WIL23-2	N/A	2,160	5,400	8,640	5,400	N/A
51	UNC/WIL23-3	N/A	1,215	4,860	6,075	N/A	N/A

1	UNC/WCU23-1	N/A	2,000	N/A	9,530	33,355	50,415
2	UNC/WSS21-1	N/A	N/A	N/A	N/A	22,800	14,250
3	UNC/WSS23-1	N/A	800	1,080	N/A	3,780	5,140
4	UNC/WSS23-2	N/A	800	1,600	N/A	5,600	8,000
5	<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>
6	<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>
7	<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>
8	UNC/BOG21-1	3,750	3,750	3,750	3,750	N/A	N/A
9	UNC/BOG23-1	25,000	80,000	105,000	N/A	N/A	N/A
10	UNC/BOG23-3		143,864.472,382	103,500	N/A	N/A	N/A
11	UNC/PBS23-1	N/A	4,950	N/A	17,325	27,225	N/A
12	..."						

**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- ABC Warehouse Repairs	1,150,000	0
Wildlife Resources Commission		
Sykes Depot Greenhouse	331,600	0
D7 Storage Building	400,000	0
Caswell Shooting Range Renovation	3,850,000	0
Coastal Restoration and Resiliency	6,500,000	0
Ransom Road Depot	9,000,000	0
Land Acquisition	5,000,000	5,000,000
WRC Game Land Improvements	0	2,000,000
Butner Lab and Office Building	0	0
McKinney Lake Hatchery Building Replacement	1,300,000	0
Table Rock Hatchery Residence	0	640,000
WRC New Shooting Range	0	2,000,000
New Tillery Office Depot	0	1,500,000
Caswell Depot Expansion	100,000	0
<b>TOTAL AMOUNT OF NON-GENERAL FUND/NON-SCIF CAPITAL PROJECTS AUTHORIZED</b>		
	<b>\$33,526,600</b>	<b>\$13,290,000</b>

**PUBLIC SCHOOL BOND ACT OF 2025**

1           **SECTION 40.6.(a)** Short Title. – This section may be cited as the "Public School  
2 Bond Act of 2025."

3           **SECTION 40.6.(b)** Purpose. – It is the intent of the General Assembly by this act to  
4 provide, subject to a vote of the qualified voters of the State, for the issuance of four billion  
5 (\$4,00,000,000) providing funds, with any other available funds, to invest in the State's public  
6 school facilities, without limitation, for construction, repair, renovation, and furnishing of new  
7 facilities in order to ensure that the people of North Carolina have access to high quality  
8 educational facilities.

9           **SECTION 40.6.(c)** Findings – The General Assembly also finds:

- 10           (1) There is a documented need of over \$13 billion for the construction and  
11           renovation of Public School Facilities.
- 12           (2) The State has prudently managed its finances.
- 13           (3) The State has achieved the highest credit rating available by independent  
14           credit rating agencies.
- 15           (4) The debt proposed by this Act is affordable and preferable to address the needs  
16           of the people of the State.
- 17           (5) According to the Debt Affordability Advisory Committee, the State's General  
18           Fund has additional debt capacity of approximately \$9.96 billion in the 2025-  
19           2026 fiscal year.
- 20           (6) With issuance of this bond, debt service would not exceed the 2024-2025  
21           fiscal year level of \$466,138,169 until the 2030-2031 fiscal year and then and  
22           decline again beginning in the 2032-2033 fiscal year.

23           **SECTION 40.6.(d)** Definitions. – The following definitions apply in this section  
24 unless the context otherwise requires:

- 25           (1) Bonds. – Bonds issued under this section.
- 26           (2) Cost. – The term includes all of the following:
  - 27           a. The cost of constructing, reconstructing, renovating, repairing,  
28           enlarging, acquiring, and improving State capital facilities, including  
29           the acquisition of land, rights of way, easements, franchises,  
30           equipment, machinery, furnishings, and other interests in real or  
31           personal property acquired or used in connection with a State capital  
32           facility.
  - 33           b. The cost of engineering, architectural, and other consulting services as  
34           may be required.
  - 35           c. Administrative expenses and charges.
  - 36           d. The cost of providing personnel to ensure effective project  
37           management.
  - 38           e. The cost of bond insurance, investment contracts, credit enhancement  
39           and liquidity facilities, interest rate swap agreements or other  
40           derivative products, financial and legal consultants, and related costs  
41           of bond and note issuance, to the extent and as determined by the State  
42           Treasurer.
  - 43           f. Finance charges, reserves for debt service, and other types of reserves  
44           required pursuant to the terms of any bond or note or related  
45           documents, interest before and during construction or acquisition of a  
46           State capital facility and, if considered advisable by the State  
47           Treasurer, for a period not exceeding two years after the estimated date  
48           of completion of construction or acquisition.
  - 49           g. The cost of bond insurance, investment contracts, credit enhancement  
50           facilities and liquidity facilities, interest rate swap agreements or other



1 derivative products, financial and legal consultants, and related costs  
2 of the incurrence or issuance of any bond or note.

3 h. The cost of reimbursing the State for any payments made for any cost  
4 described in this subdivision.

5 i. Any other costs and expenses necessary or incidental to the purposes  
6 of this section.

7 (3) Credit facility. – An agreement entered into by the State Treasurer on behalf  
8 of the State with a bank, savings and loan association, or other banking  
9 institution, an insurance company, reinsurance company, surety company or  
10 other insurance institution, a corporation, investment banking firm, or other  
11 investment institution, or any financial institution or other similar provider of  
12 a credit facility, which provider may be located within or without the United  
13 States, such agreement providing for prompt payment of all or any part of the  
14 principal or purchase price (whether at maturity, presentment or tender for  
15 purchase, redemption, or acceleration), redemption premium, if any, and  
16 interest on any bonds or notes payable on demand or tender by the owner, in  
17 consideration of the State agreeing to repay the provider of the credit facility  
18 in accordance with the terms and provisions of such agreement.

19 (4) Notes. – Notes issued under this section.

20 (5) Par formula. – A provision or formula adopted by the State to provide for the  
21 adjustment, from time to time, of the interest rate or rates borne by any bonds  
22 or notes, including the following:

23 a. A provision providing for such adjustment so that the purchase price  
24 of such bonds or notes in the open market would be as close to par as  
25 possible.

26 b. A provision providing for such adjustment based upon a percentage or  
27 percentages of a prime rate or base rate, which percentage or  
28 percentages may vary or be applied for different periods of time.

29 c. Such other provision as the State Treasurer may determine to be  
30 consistent with this act and will not materially and adversely affect the  
31 financial position of the State and the marketing of bonds or notes at a  
32 reasonable interest cost to the State.

33 (6) State. – The State of North Carolina, including any State agency.

34 (7) State agency. – Any agency, institution, board, commission, bureau, council,  
35 department, division, officer, or employee of the State. The term does not  
36 include counties, municipal corporations, political subdivisions, local boards  
37 of education, or other local public bodies.

38 **SECTION 40.6.(e)** Authorization of Bonds and Notes. – Subject to a favorable vote  
39 of a majority of the qualified voters of the State who vote on the question of issuing public  
40 improvement bonds in the election called and held as provided in this section, the State Treasurer  
41 is hereby authorized, by and with the consent of the Council of State, to issue and sell, at one  
42 time or from time to time, general obligation bonds of the State to be designated "State of North  
43 Carolina Public Improvement Bonds," with any additional designations as may be determined to  
44 indicate the issuance of bonds from time to time, or notes of the State as provided in this section,  
45 in an aggregate principal amount not exceeding four billion dollars (\$4,000,000,000) for the  
46 purpose of providing funds, with any other available funds, for the purposes authorized in this  
47 section.

48 **SECTION 40.6.(f)** Pursuant to the provisions of part (e) of this section, no more than  
49 four hundred million dollars (\$400,000,000) of bonds shall be issued in the 2026-2027 fiscal  
50 year, and no more than eight hundred million dollars (\$800,000,000) shall be issued in the 2027-

1 2028 fiscal year to ensure that debt service does not increase above the cost incurred in the 2024-  
2 2025 fiscal year.

3 **SECTION 40.6.(g)** Use of Public Improvement Bond and Note Proceeds. – (1)  
4 Subject to the provisions of subdivision (2) of this subsection, the proceeds of public  
5 improvement bonds and notes, including premium thereon, if any, shall be used for the projects  
6 in the following general amounts set forth below:

7  
8 **Public Instruction**

9  
10 Public Schools

11 Capital Assistance Program	New Schools, Additions, Renovations	\$4,000,000,000
12 <b>Total for Public Instruction</b>		<b>\$4,000,000,000</b>

13  
14 (1b) Process for Allocating Funds from the Unforeseen Costs Reserve. – The Office  
15 of State Budget and Management (OSBM) shall set out the process for  
16 applying for funds from the Unforeseen Costs Reserve, together with the  
17 criteria for assessing such applications, in a Budget Memo. OSBM may  
18 allocate funds from the Unforeseen Costs Reserve only when it is satisfied  
19 that the conditions set out under these criteria have been met. Once agreed,  
20 funds may only be drawn down as needed, in line with project cashflow  
21 requirements.

22 (2) Special Allocation Provisions. – In determining the use of the proceeds of public  
23 improvement bonds and notes, including premium thereon, if any, set forth in  
24 subdivision (1) of this subsection, the following special allocation provisions  
25 apply:

26 a. The proceeds of public improvement bonds and notes, including  
27 premium thereon, if any, for public instruction for public schools  
28 capital assistance, as provided in subdivision (1) of this subsection,  
29 shall be allocated as follows:

- 30 1. One billion one hundred and fifty million (\$1,150,000,000) of  
31 such proceeds shall be allocated equally to each local education  
32 agency (LEA). Each LEA shall receive a base payment of five  
33 million dollars (\$10,000,000).
- 34 2. Two billion eight hundred fifty million (\$2,850,000,000) of  
35 such proceeds shall be allocated among local school  
36 administrative units on the basis of average daily membership  
37 for the 2024-2025 fiscal year where the numerator is average  
38 daily membership for the local administrative unit and the  
39 denominator is the total average daily membership for the state  
40 for the 2024-2025 fiscal year.
- 41 3. Any county receiving bond proceeds allocated shall provide  
42 local matching funds from county funds, other non-State funds,  
43 or a combination of these sources for such proceeds, unless  
44 they are a county designated as a development tier one area.  
45 The amount of matching funds shall be (i) one dollar (\$1.00)  
46 of local matching funds for every two dollars (\$2.00) of such  
47 proceeds for a local school administrative unit located in a  
48 county that is a development tier two area, as defined in  
49 G.S. 143B-437.08, and (iii) one dollar (\$1.00) of local  
50 matching funds for every one dollar (\$1.00) of such proceeds  
51 for a local school administrative unit located in a county that is

1 a development tier three area, as defined in G.S. 143B-437.08.  
2 The match requirement may be satisfied by non-State  
3 expenditures for public school facilities made on or after  
4 January 1, 2021. If a debt has been incurred since January 1,  
5 2021, for the general purpose of public school facilities, then  
6 the face amount of the debt shall be considered as a non-State  
7 expenditure for public school facilities for the purpose of the  
8 match. No other expenditures made or debts incurred before  
9 January 1, 2022, may be used to satisfy the match requirement.  
10 As counties satisfy the match requirements of this subsection,  
11 they shall document the extent to which they have done so in  
12 periodic reports to the State Board of Education. These reports  
13 shall include any information and documentation required by  
14 the State Board of Education. The State Board of Education  
15 shall certify to the State Treasurer from time to time the extent  
16 to which the match requirements of this subsection have been  
17 met with respect to each county. Bond proceeds shall be  
18 distributed for expenditure only as, and to the extent, the  
19 matching requirement of this section are satisfied, as certified  
20 by the State Board of Education. The State Board of Education  
21 shall also require counties to report annually on the impact of  
22 funds provided under this act on the property tax rate for that  
23 year. These reports shall be public documents and shall be  
24 furnished to any citizen upon request. If the State Board of  
25 Education determines that a county has not met the matching  
26 requirement set forth in this subdivision by January 1, 2031,  
27 the State Board of Education shall certify that fact to the State  
28 Treasurer by March 1, 2031. The State Board of Education  
29 shall reallocate unmatched funds in the following manner:

- 30 (i) Proceeds allocated under subdivision (1) shall be  
31 reallocated to local administrative units receiving funds  
32 under subdivision (1) for which the State Board of  
33 Educated has certified matching funds.  
34 (ii) Proceeds allocated under subdivision (2) shall be  
35 reallocated to local administrative units receiving funds  
36 under subdivision (2) for which the State Board of  
37 Educated has certified matching funds.  
38 4. A local school administrative unit that receives proceeds under  
39 this section shall ensure that such proceeds are used:  
40 (i) For acquisition of real property and construction,  
41 acquisition, reconstruction, enlargement, renovation,  
42 or replacement of buildings and other structures, and  
43 (ii) To supplement local funds for public school capital  
44 outlay projects and shall not decrease local funds for  
45 those projects from one fiscal year to the next fiscal  
46 year, as measured by the most recent five-year annual  
47 average capital outlay expenditure.

48 **SECTION 40.6. (h) Allocation and Tracking of Proceeds. –**

- 49 (1) Public improvement bonds. – The proceeds of public improvement bonds and  
50 notes, including premium thereon, if any, except the proceeds of bonds the  
51 issuance of which has been anticipated by bond anticipation notes or the

1 proceeds of refunding bonds or notes, shall be placed by the State Treasurer  
2 in a special fund to be designated "Public Improvement Bonds Fund," which  
3 may include such appropriate special accounts therein as may be determined  
4 by the State Treasurer and shall be disbursed as provided in this section.  
5 Monies in the Public Improvement Bonds Fund shall be allocated and  
6 expended as provided in this section.

7 Any additional monies that may be received by means of a grant or grants  
8 from the United States of America or any agency or department thereof or  
9 from any other source for deposit to the Public Improvement Bonds Fund may  
10 be placed in the Public Improvement Bonds Fund or in a separate account or  
11 fund and shall be disbursed, to the extent permitted by the terms of the grant  
12 or grants, without regard to any limitations imposed by this section.

13 Monies in the Public Improvement Bonds Fund or any separate account  
14 established under this section may be invested from time to time by the State  
15 Treasurer in the same manner permitted for investment of monies belonging  
16 to the State or held in the State treasury, except with respect to grant money  
17 to the extent otherwise directed by the terms of the grant. Investment earnings,  
18 except investment earnings with respect to grant monies to the extent  
19 otherwise directed or restricted by the terms of the grant, may be (i) credited  
20 to the Public Improvement Bonds Fund, (ii) used to pay debt service on the  
21 bonds authorized by this section, (iii) used to satisfy compliance with  
22 applicable requirements of the federal tax law, or (iv) transferred to the  
23 General Fund of the State.

24 The proceeds of public improvement bonds and notes, including premium  
25 thereon, if any, may be used with any other monies made available by the  
26 General Assembly for funding the projects authorized by this section,  
27 including the proceeds of any other State bond issues, whether heretofore  
28 made available or that may be made available at the session of the General  
29 Assembly at which this section is ratified or any subsequent sessions. The  
30 proceeds of public improvement bonds and notes, including premium thereon,  
31 if any, shall be expended and disbursed under the direction and supervision of  
32 the Director of the Budget. The funds provided by this section shall be  
33 disbursed for the purposes provided in this section upon warrants drawn on  
34 the State Treasurer by the State Controller, which warrants shall not be drawn  
35 until requisition has been approved by the Director of the Budget and which  
36 requisition shall be approved only after full compliance with the State Budget  
37 Act, Chapter 143C of the General Statutes.

38 (2) Tracking of bond proceeds. – The State Treasurer or the State Treasurer's  
39 designee is hereby authorized and directed to set up a comprehensive system  
40 of tracking the proceeds of the public improvement bonds and notes, including  
41 premium thereon, if any, to the extent necessary to enable the State Treasurer  
42 or the State Treasurer's designee to properly account for the use of such  
43 proceeds for compliance with applicable requirements of the federal tax law  
44 or otherwise. All recipients of such proceeds shall comply with any tracking  
45 system implemented by the State Treasurer or the State Treasurer's designee  
46 for this purpose. The State Treasurer may withhold such proceeds from any  
47 State agency or department not complying with this subdivision.

48 (3) Costs. – Allocations to the costs of a capital improvement or undertaking in  
49 each case may include allocations to pay the costs set forth in subdivisions c.  
50 through g. of subdivision (2) of subsection (d) of this section in connection  
51 with the issuance of bonds for that capital improvement or undertaking.



1 of the bond or note such persons may not have been such officers. The form  
2 and denomination of bonds or notes, including the provisions with respect to  
3 registration of the bonds or notes and any system for their registration, shall  
4 be as the State Treasurer may determine in conformity with this section.

5 (3) Manner of sale; expenses. – Subject to the approval by the Council of State as  
6 to the manner in which bonds or notes shall be offered for sale, whether at  
7 public or private sale, whether within or without the United States, and  
8 whether by publishing notices in certain newspapers and financial journals,  
9 mailing notices, inviting bids by correspondence, negotiating contracts of  
10 purchase, or otherwise, the State Treasurer is authorized to sell bonds or notes  
11 at one time or from time to time at any rates of interest, which may vary from  
12 time to time, and at any prices, including a price less than or greater than the  
13 face amount of the bonds or notes, as the State Treasurer may determine. All  
14 expenses incurred in the preparation, sale, and issuance of bonds or notes shall  
15 be paid by the State Treasurer from the proceeds of bonds or notes or other  
16 available moneys.

17 (4) Notes; repayment. –

18 a. By and with the consent of the Council of State, the State Treasurer is  
19 hereby authorized to borrow money and to execute and issue notes of  
20 the State for the same, but only in the following circumstances and  
21 under the following conditions:

- 22 1. For anticipating the sale of bonds, the issuance of which the  
23 Council of State has approved, if the State Treasurer considers  
24 it advisable to postpone the issuance of the bonds;
- 25 2. For the payment of interest on or any installment of principal  
26 of any bonds then outstanding, if there are not sufficient funds  
27 in the State treasury with which to pay the interest or  
28 installment of principal as they respectively become due;
- 29 3. For the renewal of any loan evidenced by notes authorized in  
30 this section;
- 31 4. For the purposes authorized in this section; and
- 32 5. For refunding bonds or notes as authorized in this section.

33 b. Funds derived from the sale of bonds or notes may be used in the  
34 payment of any bond anticipation notes issued under this section.  
35 Funds provided by the General Assembly for the payment of interest  
36 on or principal of bonds shall be used in paying the interest on or  
37 principal of any notes and any renewals thereof, the proceeds of which  
38 shall have been used in paying interest on or principal of the bonds.

39 (5) Refunding bonds and notes. – By and with the consent of the Council of State,  
40 the State Treasurer is authorized to issue and sell refunding bonds and notes  
41 pursuant to the provisions of the State Refunding Bond Act for the purpose of  
42 refunding bonds or notes issued pursuant to this section. The refunding bonds  
43 and notes may be combined with any other issues of State bonds and notes  
44 similarly secured. Refunding bonds or notes may be issued at any time prior  
45 to the final maturity of the debt obligation to be refunded. The proceeds from  
46 the sale of any refunding bonds or notes shall be applied to the immediate  
47 payment and retirement of the bonds or notes being refunded or, if not required  
48 for the immediate payment of the bonds or notes being refunded, the proceeds  
49 shall be deposited in trust to provide for the payment and retirement of the  
50 bonds or notes being refunded and to pay any expenses incurred in connection  
51 with the refunding. Money in a trust fund may be invested in (i) direct

1 obligations of the United States government, (ii) obligations the principal of  
2 and interest on which are guaranteed by the United States government, (iii)  
3 obligations of any agency or instrumentality of the United States government  
4 if the timely payment of principal and interest on the obligations is  
5 unconditionally guaranteed by the United States government, or (iv)  
6 certificates of deposit issued by a bank or trust company located in the State  
7 if the certificates are secured by a pledge of any of the obligations described  
8 in (i), (ii), or (iii) above having an aggregate market value, exclusive of  
9 accrued interest, equal at least to the principal amount of the certificates so  
10 secured. This section does not limit the duration of any deposit in trust for the  
11 retirement of bonds or notes being refunded but that have not matured and are  
12 not presently redeemable, or if presently redeemable, have not been called for  
13 redemption.

14 (6) Tax exemption. – Bonds and notes shall at all times be free from taxation by  
15 the State or any political subdivision or any of their agencies, excepting estate,  
16 inheritance, or gift taxes, income taxes on the gain from the transfer of bonds  
17 or notes, and franchise taxes. The interest on bonds or notes is not subject to  
18 taxation as income.

19 (7) Investment eligibility. – Bonds and notes are securities in which all of the  
20 following may invest, including capital in their control or belonging to them:  
21 public officers, agencies, and public bodies of the State and its political  
22 subdivisions, all insurance companies, trust companies, investment  
23 companies, banks, savings banks, savings and loan associations, credit unions,  
24 pension or retirement funds, other financial institutions engaged in business  
25 in the State, executors, administrators, trustees, and other fiduciaries. Bonds  
26 and notes are hereby made securities which may properly and legally be  
27 deposited with and received by any officer or agency of the State or political  
28 subdivision of the State for any purpose for which the deposit of bonds, notes,  
29 or obligations of the State or any political subdivision is now or may hereafter  
30 be authorized by law.

31 (8) Faith and credit. – The faith and credit and taxing power of the State are hereby  
32 pledged for the payment of the principal of and the interest on bonds and notes.  
33 The State expressly reserves the right to amend any provision of this section  
34 to the extent it does not impair any contractual right of a bond owner.

35 (9) Other agreements. – The State Treasurer may authorize, execute, obtain, or  
36 otherwise provide for bond insurance, investment contracts, credit and  
37 liquidity facilities, interstate swap agreements and other derivative products,  
38 and any other related instruments and matters the State Treasurer determines  
39 are desirable in connection with issuance, incurrence, carrying, or securing of  
40 bonds or notes. The State Treasurer is authorized to employ and designate any  
41 financial consultants, underwriters, and bond attorneys to be associated with  
42 any bond or note issue under this section as the State Treasurer considers  
43 necessary.

44 **SECTION 40.6.(k)** Variable Rate Demand Bonds and Notes. – In fixing the details  
45 of bonds and notes, the State Treasurer may provide that any of the bonds or notes may:

46 (1) Be made payable from time to time on demand or tender for purchase by the  
47 owner, if a credit facility supports the bonds or notes, unless the State  
48 Treasurer specifically determines that a credit facility is not required upon a  
49 finding and determination by the State Treasurer that the absence of a credit  
50 facility will not materially and adversely affect the financial position of the

1 State and the marketing of the bonds or notes at a reasonable interest cost to  
2 the State;

- 3 (2) Be additionally supported by a credit facility;
- 4 (3) Be made subject to redemption or a mandatory tender for purchase prior to  
5 maturity;
- 6 (4) Bear interest at a rate or rates that may vary for any period of time, as may be  
7 provided in the proceedings providing for the issuance of the bonds or notes,  
8 including, without limitation, such variations as may be permitted pursuant to  
9 a par formula; and
- 10 (5) Be made the subject of a remarketing agreement whereby an attempt is made  
11 to remarket bonds or notes to new purchasers prior to their presentment for  
12 payment to the provider of the credit facility or to the State.

13 If the aggregate principal amount payable by the State under a credit facility is in  
14 excess of the aggregate principal amount of bonds or notes secured by the credit facility, whether  
15 as a result of the inclusion in the credit facility of a provision for the payment of interest for a  
16 limited period of time or the payment of a redemption premium or for any other reason, then the  
17 amount of authorized but unissued bonds or notes during the term of such credit facility shall not  
18 be less than the amount of such excess, unless the payment of such excess is otherwise provided  
19 for by agreement of the State executed by the State Treasurer.

20 **SECTION 40.6.(l)** Interpretation of Section. –

- 21 (1) Additional method. – The foregoing subsections of this section shall be  
22 deemed to provide an additional and alternative method for the doing of the  
23 things authorized under it and shall be regarded as supplemental and  
24 additional to powers conferred by other laws and shall not be regarded as in  
25 derogation of any powers now existing.
- 26 (2) Statutory references. – References in this section to specific sections or  
27 Chapters of the General Statutes or to specific acts are intended to be  
28 references to such sections, Chapters, or acts as they may be amended from  
29 time to time by the General Assembly.
- 30 (3) Broad construction. – This section, being necessary for the health and welfare  
31 of the people of the State, shall be broadly construed to effect the purposes  
32 thereof.
- 33 (4) Inconsistent provisions. – Insofar as the provisions of this section are  
34 inconsistent with the provisions of any general, special, or local laws, or parts  
35 thereof, the provisions of this section shall be controlling.
- 36 (5) Severability. – If any provision of this section or the application thereof to any  
37 person or circumstance is held invalid, such invalidity shall not affect other  
38 provisions or applications of the section which can be given effect without the  
39 invalid provision or application, and to this end the provisions of this section  
40 are declared to be severable.

41 **SECTION 40.6.(m)** This section is effective when it becomes law.

42  
43 **UNC REPAIR AND RENOVATION PROGRAM**

44 **SECTION 40.7.** The Board of Governors of The University of North Carolina shall  
45 prioritize funds allocated for project code UNC/R&R21 for repairs and renovations pursuant to  
46 G.S. 143C-8-13 and, notwithstanding G.S. 143C-8-13(a), for projects listed in subsection  
47 40.1.(d) of S.L. 2021-180. The cost for any single repair and renovation project other than those  
48 specifically listed in Section 40.1.(d) of S.L. 2021-180 shall not exceed fifteen million dollars  
49 (\$15,000,000). The Board of Governors may reallocate funds in accordance with G.S. 143C-8-  
50 13(b) or to projects listed in subsection 40.1.(d) of S.L. 2021-180; provided, however,  
51 reallocation of funds intended for a project located at a particular constituent institution may only



1 be reallocated for repairs and renovations projects at that particular constituent institution. The  
2 provisions of G.S. 143C-8-13(b)(4), as enacted by Section 40.10(b) of this act, shall not apply to  
3 the projects listed in subsection 40.1.(d) of S.L. 2021-180. The Board of Governors shall report  
4 actions taken under G.S. 143C-8-13(b)(4) to the Joint Legislative Commission on Governmental  
5 Operations and the Joint Legislative Oversight Committee on Capital Improvements.

6  
7 **PART XLI. TRANSPORTATION**

8  
9 **CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS**

10 **SECTION 41.1.(a)** Subsections (b) and (c) of Section 41.1 of S.L. 2023-134 are  
11 repealed.

12 **SECTION 41.1.(b)** The General Assembly authorizes and certifies anticipated  
13 revenues for the Highway Fund as follows:

14 For Fiscal Year 2027-2028	\$ 3,399 million
15 For Fiscal Year 2028-2029	\$ 3,553 million
16 For Fiscal Year 2029-2030	\$ 3,612 million
17 For Fiscal Year 2030-2031	\$ 3,666 million
18 For Fiscal Year 2031-2032	\$ 3,723 million.

19 **SECTION 41.1.(c)** The General Assembly authorizes and certifies anticipated  
20 revenues for the Highway Trust Fund as follows:

21 For Fiscal Year 2027-2028	\$ 2,614 million
22 For Fiscal Year 2028-2029	\$ 2,685 million
23 For Fiscal Year 2029-2030	\$ 2,738 million
24 For Fiscal Year 2030-2031	\$ 2,780 million
25 For Fiscal Year 2031-2032	\$ 2,853 million.

26 **SECTION 41.1.(d)** The Department of Transportation, in collaboration with the  
27 Office of State Budget and Management, shall develop a 10-year revenue forecast. The 10-year  
28 revenue forecast developed under this subsection shall be used (i) to develop the five-year cash  
29 flow estimates included in the biennial budgets, (ii) to develop the Strategic Transportation  
30 Improvement Program, and (iii) by the Department of the State Treasurer to compute  
31 transportation debt capacity.

32  
33 **CAPITAL, REPAIRS, AND RENOVATIONS**

34 **SECTION 41.2.(a)** For the 2023-2025 fiscal biennium, the funds appropriated in  
35 this act from the Highway Fund to the Department of Transportation for capital, repairs, and  
36 renovations shall be used as follows:

37  
38 **Capital – Highway Fund**

	<b>FY 2025-26</b>	<b>FY 2026-27</b>
39 Jones County Maintenance Yard Relocation	\$3,143,356	\$18,541,168
40 Wake County Maintenance Yard Relocation	\$3,569,383	\$29,252,105

41  
42  
43 **SECTION 41.2.(b)** The Governor and General Assembly anticipate appropriating  
44 the following additional funds in the 2027-28 fiscal year to complete the projects set out in  
45 subsection (a) of this section:

<b>Capital – Highway Fund</b>	<b>FY 2027-28</b>
46 Jones County Maintenance Yard	\$6,650,000;
47 Wake County Maintenance Yard	\$14,100,000.

1 **FERRY CAPITAL SPECIAL FUND**

2 **SECTION 41.3** G.S. 136.82 reads as rewritten:

3 "...

4 (c2) Ferry Capital Special Fund. – The Ferry Capital Special Fund is established as a special  
5 fund separate from the Highway Fund within the Department of Transportation, to fund ferry  
6 vessel replacement projects, ferry facilities and other ferry capital projects.

7 (d) Use of Toll Proceeds. – The Department of Transportation shall deposit the proceeds from  
8 tolls collected on North Carolina Ferry System routes and route-generated receipts authorized  
9 under subsection (f) of this section to fund codes within the Ferry Capital Special Fund for each  
10 of the Highway Divisions in which system terminals are located and fares are earned. For the  
11 purposes of this subsection, fares are earned based on the terminals from which a passenger trip  
12 originates and terminates. Commuter pass receipts shall be deposited proportionately to each  
13 fund code based on the distribution of trips originating and terminating in each Highway  
14 Division. The proceeds deposited to each fund code shall be used exclusively for prioritized  
15 North Carolina Ferry System ferry passenger vessel replacement projects or related facilities or  
16 buildings in the Division in which the proceeds are earned. Proceeds may be used to fund ferry  
17 passenger vessel replacement projects or supplement funds allocated for ferry passenger vessel  
18 replacement projects approved in the Transportation Improvement Program.  
19 ..."

20  
21 **AMEND SAFETY INSPECTION FEE**

22 **SECTION 41.4.** G.S. 20-183.7 reads as rewritten:

23 "**§ 20-183.7. Fees for performing an inspection and issuing an electronic inspection**  
24 **authorization to a vehicle; use of civil penalties.**

25 (a) Fee Amount. – When a fee applies to an inspection of a vehicle or the issuance of an  
26 electronic inspection authorization, the fee must be collected. The following fees apply to an  
27 inspection of a vehicle and the issuance of an electronic inspection authorization:

<u>Type</u>	<u>Inspection</u>	<u>Authorization</u>
Safety Only	\$12.75	<del>\$.85</del> \$2.00
Emissions and Safety	23.75	6.25.

32  
33 The fee for performing an inspection of a vehicle applies when an inspection is performed,  
34 regardless of whether the vehicle passes the inspection. The fee for an electronic inspection  
35 authorization applies when an electronic inspection authorization is issued to a vehicle. The fee  
36 for inspecting after-factory tinted windows shall be ten dollars (\$10.00), and the fee applies only  
37 to an inspection performed with a light meter after a safety inspection mechanic determined that  
38 the window had after-factory tint. A safety inspection mechanic shall not inspect an after-factory  
39 tinted window of a vehicle for which the Division has issued a medical exception permit pursuant  
40 to G.S. 20-127(f).

41 A vehicle that is inspected at an inspection station and fails the inspection is entitled to be  
42 reinspected at the same station at any time within 60 days of the failed inspection without paying  
43 another inspection fee.

44 The inspection fee for an emissions and safety inspection set out in this subsection is the  
45 maximum amount that an inspection station or an inspection mechanic may charge for an  
46 emissions and safety inspection of a vehicle. An inspection station or an inspection mechanic  
47 may charge the maximum amount or any lesser amount for an emissions and safety inspection  
48 of a vehicle. The inspection fee for a safety only inspection set out in this subsection may not be  
49 increased or decreased. The authorization fees set out in this subsection may not be increased or  
50 decreased.

1 (b) Self-Inspector. – The fee for an inspection does not apply to an inspection performed by  
 2 a self-inspector. The fee for issuing an electronic inspection authorization to a vehicle applies to  
 3 an inspection performed by a self-inspector.

4 (c) Fee Distribution. – Fees collected for electronic inspection authorizations are payable to  
 5 the Division of Motor Vehicles. The amount of each fee listed in the table below shall be credited  
 6 to the Highway Fund, the Volunteer Rescue/EMS Fund established in G.S. 58-87-5, the Rescue  
 7 Squad Workers' Relief Fund established in G.S. 58-88-5, and the Division of Air Quality of the  
 8 Department of Environmental Quality:

9 Recipient	<u>Safety Only Electronic</u>	<u>Emissions and Safety</u>
10 <u>Authorization</u>	<u>Electronic Authorization</u>	
11 Highway Fund	<u>— .551.43</u>	5.30
12 Volunteer Rescue/EMS Fund	.18	.18
13 Rescue Squad Workers' Relief Fund	.12	.12
14 Division of Air Quality	<u>— .00.27</u>	.65
15 ..."		

16  
 17 **PART XLII. FINANCE PROVISIONS**

18  
 19 **MAINTAIN PERSONAL INCOME TAX RATE**

20 **SECTION 42.1.(a)** G.S. 105-153.7(a) reads as rewritten:

21 **"§ 105-153.7. Individual income tax imposed.**

22 (a) Tax. – A tax is imposed for each taxable year on the North Carolina taxable income  
 23 of every individual. The tax shall be levied, collected, and paid annually. ~~Except as otherwise~~  
 24 ~~provided in subsection (a1) of this section, t~~The tax is a percentage of the taxpayer's North  
 25 Carolina taxable income computed as follows:

26 Taxable Years Beginning	Tax
27 In 2022	4.99%
28 In 2023	4.75%
29 In 2024	4.5%
30 <del>In 2025</del> <u>After 2024</u>	<del>4.25%</del> <u>4.25%.</u>
31 <del>After 2025</del>	<del>3.99%."</del>

32 **SECTION 42.1.(b)** G.S. 105-153.7.(a1) is repealed.

33 **SECTION 42.1.(c)** This section is effective for taxable years beginning on or after  
 34 January 1, 2025."

35  
 36 **MAINTAIN COMPETITIVE CORPORATE INCOME TAX RATE**

37 **SECTION 42.2.(a)** G.S. 105-130.3 reads as rewritten:

38 **"§ 105-130.3. Corporations**

39 A tax is imposed on the State net income of every C Corporation doing business in this State.  
 40 An S Corporation is not subject to the tax levied in this section. The tax is ~~a percentage of the equal~~  
 41 ~~to 2.25% the taxpayer's State net income-income. computed as follows:~~

42 <del>Taxable Years Beginning</del>	<del>Tax</del>
43 <del>In 2025</del> —	<del>2.25%</del>
44 <del>In 2026</del> —	<del>2%</del>
45 <del>In 2028</del> —	<del>1%</del>
46 <del>After 2029</del> —	<del>0%."</del>

47 **SECTION 42.2.(b)** This section is effective for taxable years beginning on or after  
 48 January 1, 2025."

49  
 50 **ENACT BACK TO SCHOOL SALES AND USE TAX HOLIDAY**

1 SECTION 42.3(a) Part 3 of Article 5 of Chapter 105 of the General Statutes is  
2 amended by adding a new section to read:

3 **"§ 105-164.13G. Educational sales and use tax holiday.**

4 (a) The state and local taxes imposed by this Article do not apply to the following items  
5 of tangible personal property if sold between 12:01 AM on the first Friday of August and the  
6 11:59PM the following Sunday:

7 (1) Clothing with a sales price of one hundred dollars (\$100.00) or less per item.

8 (2) School supplies with a sales price of one hundred dollars (\$100.00) or less per  
9 item.

10 (3) Computers with a sales price of seven hundred and fifty dollars (\$750) or less per  
11 item.

12 (3a) Computer supplies with a sales price of two hundred fifty dollars (\$250.00) or  
13 less per item.

14 (b) The exemption allowed by this section does not apply to the following:

15 (1) Sales of clothing accessories or equipment.

16 (2) Sales of protective equipment.

17 (3) Sales of furniture.

18 (4) Sales of an item for use in a trade or business.

19 (5) Rentals.

20 (c) Hold Harmless. – The purpose of this section is to hold county and municipal  
21 governments harmless for the revenue losses resulting from the sales tax holiday established in  
22 this section (a) of this section. The amount each county may receive is determined as follows:

23 (1) Distribution Amount. – The distribution amount is nine million three hundred  
24 thousand (\$9,300,000) for the fiscal year beginning July 1, 2025. For fiscal  
25 years beginning on or after July 1, 2026, the distribution amount is equal to  
26 the amount for the preceding year multiplied by 3.5% and rounded to the  
27 nearest one hundred thousand dollars (\$100,000).

28 (2) County Allocation. – The Secretary shall, in October of each fiscal year,  
29 allocate to each taxing county the distribution amount on a per capita basis  
30 as calculated in G.S. 105-486(a). For the purposes of this section, “taxing  
31 county” means a county that levies the first one-half cent (1/2¢) local sales  
32 and use tax under Article 40 of this Chapter.”

33 SECTION 42.3(b) This section is effective for fiscal years beginning on or after July  
34 1, 2025."

35  
36 **ENACT WORKING FAMILIES TAX CREDIT**

37 SECTION 42.4(a) G.S. 105-151.31 is reenacted as it existed immediately before its  
38 expiration and reads as rewritten:

39 **"§ 105-151.31. ~~Earned Income~~Working Families Tax Credit**

40 (a) Credit. An individual who claims for the taxable year an earned income tax credit  
41 under section 32 of the Code is allowed a credit against the tax imposed by this Part equal to ~~a~~  
42 ~~percentage~~ twenty percent (20%) of the amount of credit the individual qualified for under  
43 section 32 of the Code. A nonresident or part-year resident who claims the credit allowed by this  
44 section must reduce the amount of the credit by multiplying it by the fraction calculated under  
45 G.S. 105 134.5(b) or (c), as appropriate. ~~The percentage is as follows:~~

46 ~~———— (1) For taxable year 2013, four and one half percent (4.5%).~~

47 ~~———— (2) For all other taxable years, five percent (5%).~~

48 (b) Credit Refundable. If the credit allowed by this section exceeds the amount of tax  
49 imposed by this Part for the taxable year reduced by the sum of all credits allowable, the Secretary  
50 must refund the excess to the taxpayer. The refundable excess is governed by the provisions  
51 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	<del>\$125.00</del> <u>\$150</u>
	Over \$40,000	
	<u>Up to \$60,000</u>	<u>125</u>
	<u>Over \$60,000</u>	
	<u>Up to \$80,000</u>	<u>100</u>
	<u>Over \$80,000</u>	
	Up to \$100,000	<del>\$100.00</del> <u>75</u>
	Over \$100,000	<u>0</u>
	<u>Up to \$120,000</u>	<u>50</u>
	<u>Over \$120,000</u>	
Head of Household	Up to <del>\$30,000</del> <u>\$32,000</u>	<del>\$125.00</del> <u>\$150</u>
	Over <del>\$30,000</del> <u>\$32,000</u>	
	<u>Up to \$45,000</u>	<u>125</u>
	<u>Over \$45,000</u>	
	<u>Up to \$60,000</u>	<u>100</u>
	<u>Over \$60,000</u>	
	Up to <del>\$80,000</del> <u>\$75,000</u>	<del>\$100.00</del> <u>75</u>
	Over <del>\$80,000</del> <u>\$75,000</u>	<u>0</u>
	<u>Up to \$90,000</u>	<u>50</u>
	<u>Over \$90,000</u>	
Single	Up to \$20,000	<del>\$125.00</del> <u>\$150</u>
	Over \$20,000	
	<u>Up to \$30,000</u>	<u>125</u>
	<u>Over \$30,000</u>	
	<u>Up to \$40,000</u>	<u>100</u>
	<u>Over \$40,000</u>	
	Up to \$50,000	<del>\$100.00</del> <u>75</u>

1		Over \$50,000	0
2		<u>Up to \$60,000</u>	<u>50</u>
3		<u>Over \$60,000</u>	
4		<u>Up to \$70,000</u>	<u>25</u>
5		<u>Over \$70,000</u>	<u>0</u>
6	Married, filing separately	Up to \$20,000	<del>\$125.00</del> \$150
7		Over \$20,000	
8		<u>Up to \$30,000</u>	<u>125</u>
9		<u>Over \$30,000</u>	
10		<u>Up to \$40,000</u>	<u>100</u>
11		<u>Over \$40,000</u>	
12		Up to \$50,000	<del>\$100.00</del> 75
13		Over \$50,000	0
14		<u>Up to \$60,000</u>	<u>50</u>
15		<u>Over \$60,000</u>	
16		<u>Up to \$70,000</u>	<u>25</u>
17		<u>Over \$70,000</u>	<u>0.</u>

(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~~

1 in the column labeled "Percentage B" in the table below, based on the taxpayer's adjusted gross  
 2 income determined under the Code.

3 Filing Status	Adjusted Gross Income	Percentage A	Percentage B
4 Head of Household	Up to \$20,000	9%	13%
5 _____	Over \$20,000	8%	11.5%
6 _____	up to \$32,000		
7 _____			
8 _____	Over \$32,000	7%	10%
9 _____			
10 _____			
11 Surviving Spouse or			
12 Joint Return	Up to \$25,000	9%	13%
13 _____	Over \$25,000		
14 _____	up to \$40,000	8%	11.5%
15 _____	Over \$40,000	7%	10%
16 _____			
17 _____			
18 Single	Up to \$15,000	9%	13%
19 _____	Over \$15,000		
20 _____	up to \$24,000	8%	11.5%
21 _____	Over \$24,000	7%	10%
22 _____			
23 _____			
24 _____			
25 Married Filing Separately	Up to \$12,500	9%	13%
26 _____	Over \$12,500		
27 _____	up to \$20,000	8%	11.5%
28 _____	Over \$20,000		
29 _____			
30 _____			
31 _____			
32 _____			
33 _____			
34 _____			

35 (b) Employment Related Expenses. – The amount of employment-related expenses for which  
 36 a credit may be claimed may not exceed three thousand dollars (\$3,000) if the taxpayer's  
 37 household includes one qualifying individual, as defined in section 21(b)(1) of the Code, and  
 38 may not exceed six thousand dollars (\$6,000) if the taxpayer's household includes more than one  
 39 qualifying individual. The amount of employment-related expenses for which a credit may be  
 40 claimed is reduced by the amount of employer-provided dependent care assistance excluded from  
 41 gross income.

42 (c) Phaseout. – The credit allowed by this section shall be reduced by a percentage listed  
 43 below, rounded to the nearest percentage point, based on the taxpayer's adjusted gross income  
 44 as calculated under the Code:

46 Filing Status	For AGI Exceeding	Percentage Reduction
47 Married, filing jointly	\$150,000	The lesser of 100% or
		$[(\text{Taxpayer's AGI} - \$150,000) /$
		$\$50,000]$
49 Head of Household	\$112,500	The lesser of 100% or

1			<u>[(Taxpayer's AGI - \$112,500) /</u>
2			<u>\$37,500]</u>
3	<u>Single or Married,</u>		<u>The lesser of 100% or</u>
4	<u>Filing Separately</u>	<u>\$75,000</u>	<u>[(Taxpayer's AGI - \$75,000) /</u>
5			<u>\$25,000]</u>

6 ~~(e)(d)~~ Limitations. – A nonresident or part-year resident who claims the credit allowed by  
7 this section shall reduce the amount of the credit by multiplying it by the fraction calculated under  
8 ~~G.S. 105-134.5(b) or (e), G.S. 105-153.4(b) or (c),~~ as appropriate. No credit shall be allowed  
9 under this section for amounts deducted in calculating North Carolina taxable income. ~~The credit~~  
10 ~~allowed by this section may not exceed the amount of tax imposed by this Part for the taxable~~  
11 ~~year reduced by the sum of all credits allowable, except for payments of tax made by or on behalf~~  
12 ~~of the taxpayer.~~

13 ~~(e) Credit Refundable. – If the credit allowed by this section exceeds the amount of tax~~  
14 ~~imposed by this Part for the taxable year reduced by the sum of all credits allowable, the Secretary~~  
15 ~~must refund the excess to the taxpayer. The refundable excess is governed by the provisions~~  
16 ~~governing a refund of an overpayment by the taxpayer of the tax imposed in this Part. In~~  
17 ~~computing the amount of tax against which multiple credits are allowed, nonrefundable credits~~  
18 ~~are subtracted before refundable credits."~~

19 **SECTION 42.6.(b)** This section is effective for taxable years beginning on or after  
20 January 1, 2025.

21  
22 **PART XLIII. MISCELLANEOUS**

23  
24 **STATE BUDGET ACT APPLIES**

25 **SECTION 43.1.** The provisions of the State Budget Act, Chapter 143C of the  
26 General Statutes, are reenacted and shall remain in full force and effect and are incorporated in  
27 this act by reference.

28  
29 **MOST TEXT APPLIES ONLY TO THE 2025-2027 FISCAL BIENNIUM**

30 **SECTION 43.2.** Except for statutory changes or other provisions that clearly indicate  
31 an intention to have effects beyond the 2025-2027 fiscal biennium, the textual provisions of this  
32 act apply only to funds appropriated for, and activities occurring during, the 2025-2027 fiscal  
33 biennium.

34  
35 **EFFECT OF HEADINGS**

36 **SECTION 43.3.** The headings to the Parts, subparts, and sections of this act are a  
37 convenience to the reader and are for reference only. The headings do not expand, limit, or define  
38 the text of this act, except for effective dates referring to a Part or subpart.

39  
40 **SEVERABILITY CLAUSE**

41 **SECTION 43.4.** If any section or provision of this act is declared unconstitutional  
42 or invalid by the courts, it does not affect the validity of this act as a whole or any part other than  
43 the part so declared to be unconstitutional or invalid.

44  
45 **EFFECTIVE DATE**

46 **SECTION 43.5.** Except as otherwise provided, this act becomes effective July 1,  
47 2025.