

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H.B. 933
Apr 10, 2025
HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40467-NLa-61C

Short Title: IDD Omnibus.

(Public)

Sponsors: Representative Hawkins.

Referred to:

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

The General Assembly of North Carolina enacts:

PART I. DIRECT CARE WORKER WAGE INCREASES

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

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

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



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

SECTION 1.(c) Any rate increase provided under this section shall be effective on the date approved by the Centers for Medicare and Medicaid Services. Upon implementation of an applicable rate increase required by this section, DHB shall adjust the per member per month (PMPM) capitation amount paid to LME/MCOs accordingly. All LME/MCOs shall be required to implement the increase, and it shall also apply to BH IDD tailored plans. DHB shall account for the increased rates when setting the PMPM capitation amount for the Children and Families Specialty Plan.

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

SECTION 1.(e) There is appropriated from the General Fund to the Department of Health and Human Services, Division of Health Benefits, the sum of one hundred eighty-three million dollars (\$183,000,000) in recurring funds for each year of the 2025-2027 fiscal biennium to implement this section. These funds shall provide a State match for three hundred thirty-five million dollars (\$335,000,000) in recurring federal funds for each year of the 2025-2027 fiscal biennium, and those federal funds are appropriated to the Division of Health Benefits for the same purpose.

SECTION 1.(f) This section is effective July 1, 2025.

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

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

SECTION 2.(b) There is appropriated from the General Fund to the Department of Health and Human Services, Division of Health Benefits, the sum of thirty-six million dollars (\$36,000,000) in recurring funds for each year of the 2025-2027 fiscal biennium to increase the number of slots under the North Carolina Innovations waiver, as directed by subsection (a) of this section. These funds shall provide a State match for sixty-five million dollars (\$65,000,000) in recurring federal funds for each year of the 2025-2027 fiscal biennium, and those federal funds are appropriated to the Division of Health Benefits for the same purpose.

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

SECTION 2.(d) Subsections (a) and (b) of this section are effective July 1, 2025.

PART III. UPDATE TO NC MEDICAID BUY-IN PROGRAM

SECTION 3.(a) No later than 90 days after this act becomes law, the Department of Health and Human Services, Division of Health Benefits, shall submit the necessary documentation to the Centers for Medicare and Medicaid Services (CMS) for approval to remove

the unearned income limit and the resource limit from the eligibility requirements for the Health Coverage for Workers with Disabilities Medicaid eligibility category. Upon approval by CMS of the removal of the unearned income and resource limits, the Secretary of the Department of Health and Human Services shall notify the Revisor of Statutes of the effective date approved by CMS for the removal.

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

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

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

...

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

- (1) The individual is at least 16 years of age and is less than 65 years of ~~age;~~ age.
- (2) The individual either meets Social Security Disability ~~criteria,~~ criteria or the individual has been enrolled in HCWD and then becomes medically ~~improved~~ improved, as defined in Ticket to Work and as further specified by the Department. An individual shall be determined to be eligible under this section without regard to the individual's ability to engage in, or actual engagement in, substantial gainful activity as defined in section 223 of the Social Security Act (42 U.S.C. § 423(d)(4)). In conducting annual redetermination of eligibility, the Department may not determine that an individual participating in HCWD is no longer disabled based solely on the individual's participation in employment or earned ~~income;~~ income.
- ~~(3) The individual's unearned income does not exceed one hundred fifty percent (150%) of FPG, and countable resources for the individual do not exceed the resource limit for the minimum community spouse resource standard under 42 U.S.C. § 1396r, and as further determined by the Department. In determining an individual's countable income and resources, the Department may not consider income or resources that are disregarded under the State Medical Assistance Plan's financial methodology, including the sixty-five dollar (\$65.00) disregard, impairment-related work expenses, student earned income exclusions, and other SSI program work incentive income disregards; and~~
- (4) The individual is engaged in a substantial and reasonable work ~~effort (employed) effort,~~ as provided in this subdivision and subdivision, as further defined by the ~~Department~~ Department, and as allowable under federal law. For purposes of this subsection, "engaged in substantial and reasonable work effort" means all of the following:
 - a. Working in a competitive, inclusive work setting, or self-employed.
 - b. Earning at least the applicable minimum wage.
 - c. Having monthly earnings above the SSI basic sixty-five-dollar (\$65.00) earned-income disregard.
 - d. Being able to provide evidence of paying applicable Medicare, Social Security, and State and federal income taxes.

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

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

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

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

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

SECTION 3.(d) Effective July 1, 2025, there is appropriated from the General Fund to the Department of Health and Human Services, Division of Health Benefits, the sum of one hundred sixty-five thousand dollars (\$165,000) in recurring funds for each year of the 2025-2027 fiscal biennium. These funds shall provide a State match for three hundred one thousand dollars (\$301,000) in recurring federal funds for each year of the 2025-2027 fiscal biennium, and those federal funds are appropriated to the Division of Health Benefits.

PART IV. MEDICAID COMMUNITY ACTIVITIES AND EMPLOYMENT TRANSITIONS SERVICES

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

- (1) The new service shall be modeled after (i) the nonresidential components of the service, entitled "Long-Term Community Supports," currently provided by Vaya Health and (ii) similar services provided by Alliance Behavioral Healthcare that support a meaningful week when used either separately or with other available services.

(2) The CAET service shall not include any residential component.

(3) Services must originate from facilities that meet the home- and community-based services standards established by DHB and under federal law.

SECTION 4.(b) In studying the feasibility of a new CAET service in accordance with subsection (a) of this section, DHB shall collaborate with the Marketing Association for Rehabilitation Centers (MARC), the North Carolina Association for Rehabilitation Facilities (NCARF), the North Carolina Association of Professional Supported Employment (NCAPSE), all LME/MCOs, and other appropriate stakeholders. Concurrent with the study of the feasibility of a new CAET service, the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services (Commission) established under Part 4 of Article 3 of Chapter 143B of the General Statutes also shall collaborate with those stakeholders to review any relevant rules, including 10A NCAC 27G .2301 through .2306. The Commission may amend any relevant rules and, if necessary, may adopt additional rules to account for the numerous community-based activities and employment services that may be provided to Medicaid beneficiaries as part of a new CAET service.

SECTION 4.(c) Consistent with the authority granted under G.S. 108A-54(e), DHB may submit any State Plan amendments or waivers, or request other approval from the Centers for Medicare and Medicaid Services, necessary for the implementation of any new CAET service determined to be feasible under subsection (a) of this section. Coverage of the new service may not begin earlier than January 1, 2026.

SECTION 4.(d) No later than April 1, 2026, DHB shall submit a report to the Joint Legislative Oversight Committee on Medicaid detailing the following information related to any new CAET service determined to be feasible under this section:

(1) The definition for the CAET service and any new Medicaid clinical coverage policy or changes to an existing Medicaid clinical coverage policy.

(2) The anticipated annual cost to the State of adding the CAET service.

(3) Any legislative changes necessary in order to implement the CAET service.

(4) Any recommendations regarding the future establishment of a new facility license for facilities providing the CAET service.

(5) Whether DHB is able to add coverage for the CAET service pursuant to its authority under G.S. 108A-54(e) or whether appropriations are required prior to implementation. If DHB intends to add coverage of the CAET service pursuant to its authority under G.S. 108A-54(e), the expected implementation date.

SECTION 4.(e) There is appropriated from the General Fund to the Department of Health and Human Services, Division of Health Benefits, the sum of two million dollars (\$2,000,000) in nonrecurring funds for the 2025-2026 fiscal year to be used to support the feasibility study required by subsection (a) of this section and for drafting the requests for the authorities or supports needed to implement any proposed new CAET service determined to be feasible under that subsection.

SECTION 4.(f) Subsection (e) of this section is effective July 1, 2025.

PART V. STATE RENTAL ASSISTANCE PROGRAM (SRAP) FOR I/DD HOUSING

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

1 **SECTION 5.(b)** Effective July 1, 2025, there is appropriated to the Department of
2 Health and Human Services, Division of Mental Health, Developmental Disabilities, and
3 Substance Use Services, the sum of one hundred thousand dollars (\$100,000) in recurring funds
4 for each year of the 2025-2027 fiscal biennium to be used to support the program created pursuant
5 to subsection (a) of this section.

6 **SECTION 5.(c)** The Department of Health and Human Services, Division of Mental
7 Health, Developmental Disabilities, and Substance Use Services, shall convene a workgroup of
8 relevant stakeholders to develop a five-year plan for monthly housing rental subsidies to be
9 provided to individuals with intellectual or other developmental disabilities for use in integrated
10 settings. This plan shall create 200 new monthly housing rental subsidies to be provided to
11 individuals with intellectual or other developmental disabilities each year over the course of five
12 years, resulting in the creation of a total of 1,000 monthly housing rental subsidies by the end of
13 the five-year period. In developing the plan, the workgroup shall consider similar subsidy
14 programs in Virginia, Maryland, Connecticut, and Pennsylvania. The five-year plan shall include
15 a detailed cost analysis of the plan. Any plan developed under this subsection shall be in
16 furtherance of the State's compliance with the United States Supreme Court decision in *Olmstead*
17 *v. L.C.*, 527 U.S. 581 (1999). No later than October 1, 2025, the Division of Mental Health,
18 Developmental Disabilities, and Substance Use Services shall submit a report containing the
19 five-year plan to the Joint Legislative Oversight Committee on Medicaid and to the members of
20 the Legislative Joint Caucus for Intellectual and Developmental Disabilities.

21
22 **PART VI. STATE MATCH FOR REHABILITATION SERVICES ADMINISTRATION**
23 **(RSA) FEDERAL GRANT**

24 **SECTION 6.(a)** There is appropriated from the General Fund to the Department of
25 Health and Human Services, Division of Employment and Independence for People with
26 Disabilities (DEIPD), the sum of four million seven hundred fifty-five thousand seventy-one
27 dollars (\$4,755,071) in recurring funds for each year of the 2025-2027 fiscal biennium to be used
28 to increase pay to address the vacancy rate in DEIPD, raise rates for Community Rehabilitation
29 Programs, and sustain the vocational rehabilitation workforce to ensure individuals with
30 disabilities can access paid employment services. These funds shall provide a State match for
31 seventeen million five hundred sixty-nine thousand two hundred four dollars (\$17,569,204) in
32 recurring federal funds, and those federal funds are appropriated to DEIPD for the same purpose.

33 **SECTION 6.(b)** There is appropriated from the General Fund to the Department of
34 Health and Human Services, Division of Services for the Blind (DSB), the sum of nine hundred
35 ninety-five thousand one hundred sixty-three dollars (\$995,163) in recurring funds for each year
36 of the 2025-2027 fiscal biennium to be used to increase pay to address the vacancy rate in DSB,
37 raise rates for Community Rehabilitation Programs, and sustain the vocational rehabilitation
38 workforce to ensure individuals with disabilities can access paid employment services. These
39 funds shall provide a State match for three million six hundred seventy-six thousand nine hundred
40 fifty-nine dollars (\$3,676,959) in recurring federal funds, and those federal funds are
41 appropriated to DSB for the same purpose.

42 **SECTION 6.(c)** This section is effective July 1, 2025.
43

44 **PART VII. BAN USE OF PRONE RESTRAINT AND REQUIRE INCREASED**
45 **PARENTAL NOTIFICATION AND TEACHER TRAINING ON THE USE OF**
46 **SECLUSION AND RESTRAINT**

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

48 **"§ 115C-391.1. Permissible use of seclusion and restraint.**

49 ...

50 (c) Physical Restraint:

51 ...

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

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

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

(2) Notice of specified incidents:

a. School personnel shall promptly notify the principal or principal's designee of:

1. Any use of aversive procedures.

2. Any ~~prohibited~~ use of mechanical restraint.

3. Any use of physical ~~restraint resulting in observable physical injury to a student.~~ restraint.

4. Any ~~prohibited~~ use of ~~seclusion or seclusion that exceeds 10 minutes or the amount of time specified on a student's behavior intervention plan.~~ seclusion.

5. If the seclusion or restraint was used in a prohibited manner, caused observable physical injury to a student, or exceeded 10 minutes or the amount of time specified on a student's behavior intervention plan.

b. When a principal or principal's designee has personal knowledge or actual notice of any of the events described in this subdivision, the principal or principal's designee shall promptly notify the student's parent or guardian and will provide the name of a school employee the parent or guardian can contact regarding the incident.

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

...."

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

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

SECTION 7.(c) This section is effective when it becomes law and applies beginning with the 2025-2026 school year.

PART VIII. DASHBOARD FOR SUSPENSION RATES FOR STUDENTS WITH IEPs

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

"(27) Reporting Dropout Rates, Corporal Punishment, Suspensions, Expulsions, and Alternative Placements. – The State Board shall report by March 15 of each year to the Joint Legislative Education Oversight Committee on the numbers of students who have dropped out of school, been subjected to corporal punishment, been suspended, been expelled, been reassigned for disciplinary purposes, or been provided alternative education services. The data shall be reported in a disaggregated manner, reflecting the local school administrative unit, race, gender, grade level, ethnicity, and disability status of each affected student. Such data shall be readily available to the ~~public.~~

public via an electronic dashboard established and maintained by the State Board. The State Board shall not include students that have been expelled from school when calculating the dropout rate. The Board shall maintain a separate record of the number of students who are expelled from school and the reasons for the expulsion."

SECTION 8.(b) This section is effective when it becomes law and applies beginning with the 2025-2026 school year.

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

SECTION 9.(a) There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of twenty-five million dollars (\$25,000,000) in recurring funds for each year of the 2025-2027 fiscal biennium to be allocated to the State Education Assistance Authority for the North Carolina Personal Education Student Accounts for Children with Disabilities Program in accordance with Article 41 of Chapter 115C of the General Statutes.

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

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

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

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

SECTION 9.(c) This section becomes effective July 1, 2025.

PART X. SUPPORT FOR STUDENTS WITH DISABILITIES

SECTION 10.(a) Program Established. – Beginning with the 2025-2026 school year, the Department of Public Instruction shall establish a grant program for local school administrative units to apply for funds from the Special State Reserve Fund (SSRF) for children with disabilities for the purpose of covering the extraordinary costs of certain students with disabilities, including costs associated with the placement of students in private schools with approved nonpublic education programs providing special education in accordance with a student's individualized education program (IEP). The grant program shall provide funds for students with disabilities on an ongoing basis according to the students' IEPs. The grant program established by this act shall be administered separately from the grant program funded from the SSRF available to local school administrative units for high costs related to emergency situations for children with disabilities in a school year. Funds administered pursuant to this act shall be to supplement and not supplant existing federal, State, and local funding for children with disabilities.

SECTION 10.(b) Applications. – A local school administrative unit may apply for grant funds for a student with disabilities served by the unit for extraordinary costs associated with services provided to the student, including for a placement in a private school that has an approved nonpublic education program providing special education in accordance with a student's IEP. To be eligible for a grant, the local school administrative unit must demonstrate that the total cost of the services equals or exceeds four times the State average per pupil expenditure for children with disabilities in the prior fiscal year. The local school administrative unit shall provide documentation to the Department of Public Instruction to support the funding request. The student's IEP must support the determination of the services, including if the placement of the student is at a private school. Grant funds shall be student-specific and follow the student for special education and related services provided within the State. The Department shall require documentation for renewal of the grant for each school year with a request for funds for the student. The Department shall reimburse seventy-five percent (75%) of the extraordinary costs and disburse funds in quarterly amounts to providers on an approved list from the Department.

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

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

SECTION 10.(d) Appropriation. – There is appropriated from the General Fund to the Special State Reserve Fund the sum of one million dollars (\$1,000,000) in recurring funds for the 2025-2026 school year for the Department of Public Instruction to implement the grant program established pursuant to this section.

SECTION 10.(e) Report. – By March 15, 2026, the Department of Public Instruction shall report to the Joint Legislative Education Oversight Committee, the House Appropriations Education Committee, the Senate Appropriations on Education/Higher Education Committee, and the Fiscal Research Division on the amount of grant applications for the 2025-2026 school year, the amount of grant funds awarded, the types of out-of-school system placements and service providers, and the type of extraordinary costs reimbursed.

SECTION 10.(f) G.S. 115C-107.5 reads as rewritten:
"§ 115C-107.5. Annual reports.

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

...

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

a. The number of new and continued homebound placements.

b. The number of new and continued modified day placements.

c. The number of new and continued Home/Hospital, Separate Schools, and Residential placements.

d. The number of new and continued PRTF placements.

The data collected by the Department under this subdivision shall be disaggregated by gender, race, ethnicity, disability, grade level, and school within a local school administrative unit. The report may reflect deidentified data for individual students, when available, regarding disciplinary outcomes, length of homebound, modified day, or institutionalized placements, including total number of homebound, modified day, and institutionalized placements over the course of a student's public school enrollment, and over the current and two prior school years, and the regular education, special education, and related services being received (i) prior to and (ii) during the homebound, modified day, or an institutionalized setting placement. The report shall also include any findings by the Office of Special Education Programs that relate to the implementation of a free and public education in the State, including any findings of noncompliance or deficiencies."

SECTION 10.(g) The State Board of Education shall submit the information required pursuant to G.S. 115C-107.5(4), as enacted by this section, beginning with the report submitted to the Joint Legislative Education Oversight Committee by October 15, 2026.

SECTION 10.(h) This section becomes effective July 1, 2025.

PART XI. DEVELOP AN OFFICE FOR ACCESSIBLE TRANSPORTATION

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

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

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

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

SECTION 11.(e) No later than March 31, 2026, the Department shall submit a report containing the following information to the House Appropriations Committee on Transportation, the Senate Appropriations Committee on Department of Transportation, and the Fiscal Research Division:

(1) A detailed statement on the Office's mission and scope of responsibilities.

(2) A five-year strategic plan to guide the Office's work.

PART XII. EFFECTIVE DATE

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