

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H.B. 861
Apr 9, 2025
HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40438-MGa-15B

Short Title: Taxpayer Accountability/Pregnancy Centers. (Public)

Sponsors: Representative Cervania.

Referred to:

A BILL TO BE ENTITLED
AN ACT ENHANCING TAXPAYER ACCOUNTABILITY BY REQUIRING THE
ESTABLISHMENT OF A COMPETITIVE GRANT PROCESS, PERFORMANCE
STANDARDS, AND ADDITIONAL REPORTING REQUIREMENTS FOR
PREGNANCY CENTERS.

The General Assembly of North Carolina enacts:

SECTION 1. Funds appropriated from the General Fund to the Department of Health and Human Services, Division of Public Health, for each year of the 2025-2027 fiscal biennium for Carolina Pregnancy Care Fellowship (CPCF), a nonprofit corporation, are subject to the following requirements:

(1) The CPCF shall establish a competitive grant process for awarding the grants authorized by subdivisions (a)(1) through (a)(3) of Section 9H.11 of S.L. 2023-134. The plan for administering the competitive grant process shall include all of the following:

a. A request for application (RFA) process to allow pregnancy centers located in this State to apply for and receive a grant authorized by this section on a competitive basis. The RFA application shall include at least all of the following components:

1. An explanation of the applicant's operations and staff, including all of the following:

I. The hours of operation.

II. The full name, official position, credentials, specialties, and salaries of all staff and volunteers.

III. Required qualifications, trainings, and credentials for all employees, volunteers, contractors, and consultants.

IV. An explanation of the application process for employees, volunteers, and consultants, including whether the application requires a disclosure about religious beliefs and if any answer or failure to answer will disqualify an applicant.

V. What vendors and materials are used for training employees, consultants, and volunteers.

VI. Whether licensed health care providers are required to be on-site during operating hours and, if so, an explanation of the requirement and what arrangements are made if the requirement cannot be met.



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- VII. Whether any employees, contractors, or volunteers are unlicensed health care providers.
- VIII. Whether ultrasounds are performed on-site and, if so, the qualifications of those performing and interpreting the ultrasounds.
- IX. Whether testing for sexually transmitted diseases is performed on-site and, if so, the names and qualifications of those performing such testing.
2. The specific activities, services, and programs provided by the applicant during any part of the year.
 3. A description of all medical equipment, the purposes of the equipment, and funding sources for all of the equipment.
 4. An explanation of the applicant's best practices with respect to the use of medical equipment and the provision of any medical testing, medical procedures, or counseling services.
 5. A description of the applicant's advertising and marketing practices.
- b. A plan to evaluate the effectiveness, including measurable impact or outcomes, of the activities, services, and programs for which the grant funds are being requested.
- c. A plan to monitor compliance with applicable law and the grant agreement, with respect to the grantee's expenditure of grant funds.
- d. A plan to detect fraud and abuse by grantees.
- (2) No later than July 1 of each year, beginning July 1, 2026, the CPCF shall announce the recipients of the competitive grant awards and allocate funds to the grantees for the respective grant period pursuant to the amounts designated under subsection (a) of this section. After awards have been granted, the CPCF shall submit a report to the Department of Health and Human Services, the Joint Legislative Commission on Governmental Operations, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division on the grant awards that includes at least all of the following information:
- a. The identity and a brief description of each grantee and each activity, service, and program offered by the grantee.
 - b. The amount of funding awarded to each grantee.
 - c. The number of persons served by each grantee, broken down by activity, service, and program.
 - d. The number of persons served by the Circle of Care Program.
 - e. A copy of each grantee's RFA application.
- (3) The CPCF may not use more than ten percent (10%) of the total amount of funds allocated by this section for the 2023-2025 fiscal biennium and not more than fifteen percent (15%) of the total amount of funds allocated by this section for subsequent fiscal years for administrative purposes.
- (4) Funds allocated to CPCF shall be used for nonsectarian, nonreligious purposes only.
- (5) Annually on July 1, beginning July 1, 2026, the CPCF shall report to the Department of Health and Human Services, the Joint Legislative Commission on Governmental Operations, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division on the use of funds allocated under this section. The report shall include at least all of the following information for the preceding fiscal year:

- a. A description of any monitoring activities undertaken by the CPCF to ensure that grant funds awarded under the competitive grant process authorized by this section are being spent for the purposes for which they were requested.
 - b. A description of any technical assistance provided by the CPCF to grant applicants or grantees.
 - c. A detailed breakdown of the funds expended by the CPCF for administrative purposes related to the competitive grant process authorized by this section.
- (6) Annually on July 1, beginning July 1, 2026, each pregnancy center awarded grant funds pursuant to the competitive grant process authorized by this section shall report to the Department of Health and Human Services, the Joint Legislative Commission on Governmental Operations, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division on its use of the grant funds. The report shall include at least all of the following information for the preceding fiscal year:
- a. A report of its activities and services, broken down by funding source, that includes the number of clients served by each pregnancy center by county of residence and the following age categories:
 1. Less than 16 years old.
 2. 16 years old through 20 years old.
 3. 21 years old through 25 years old.
 4. 26 years old through 30 years old.
 5. 31 years old through 35 years old.
 6. 36 years old through 40 years old.
 7. 41 years old through 45 years old.
 8. 46 years old and older.
 - b. The number of visits by client for each of the previously defined age categories, broken down by type of visit.
 - c. The number of services, supports, and referrals provided to clients for each of the previously defined age categories, broken down by type of service, support, or referral provided, including pregnancy counseling, pregnancy testing, ultrasounds, and testing for sexually transmitted diseases.
 - d. The number of service requests received by the pregnancy center.
 - e. The race and ethnicity data associated with clients receiving services.
 - f. The number of clients that fall under each of the following income ranges:
 1. Less than \$20,000.
 2. \$20,000 to \$34,999.
 3. \$35,000 to \$49,999.
 4. \$50,000 to \$74,999.
 5. \$75,000 to \$99,999.
 6. Over \$100,000.
 - g. The total number of unduplicated clients served by the pregnancy center and the total number of unduplicated new clients served during the fiscal year.

SECTION 2. Chapter 131E of the General Statutes is amended by adding a new section to read:

"§ 131E-269.5. Pregnancy centers; performance standards; recovery of State funds for noncompliance.

(a) As used in this section, the term "pregnancy center" means any nonprofit organization other than a hospital, ambulatory surgical facility, or clinic that performs abortions, that holds itself out as a facility that provides care for pregnant women, including pregnancy counseling services, pregnancy testing, and other nonmedical pregnancy services.

(b) The Department shall adopt rules establishing performance standards for pregnancy centers operating in this State. The rules shall, at a minimum, establish a monitoring mechanism and reporting requirements to facilitate the Department periodically assessing whether pregnancy centers are adhering to the established performance standards. The reporting requirements shall, at a minimum, require pregnancy centers to annually report to the Department at least all of the following information for the preceding five-year period:

(1) All contracts and agreements entered into with the State of North Carolina or Carolina Pregnancy Care Fellowship (CPCF), a nonprofit organization, during the preceding five-year period.

(2) A list of all monetary transactions between the pregnancy center and State of North Carolina or CPCF.

(3) Itemized annual expenditures for all of the following:

a. Individual employees, with a breakdown of the number of full-time and part-time staff, the number of hours worked by each full-time and part-time staff member, and the salaries and wages paid to each staff member.

b. Administrative supplies and materials, with an explanation of the purposes for these items.

c. All supplies and materials provided to individuals served by the pregnancy center, including:

1. Pregnancy tests.

2. Diapers.

3. Medicines.

4. Baby food.

5. Baby formula.

d. Marketing and promotional materials, including all of the following:

1. Flyers.

2. Print advertisements.

3. Broadcast advertisements.

4. Digital and social media advertisements.

5. Promotions for fundraisers.

e. Educational materials for clients or patients, including pamphlets and audiovisual seminars.

f. Travel expenses.

g. Medical equipment, including ultrasound machines.

h. Events sponsored by the pregnancy center.

i. Medical training and medical equipment training offered by the pregnancy center.

j. Contracted services, including staffing services, event services, information technology services, and cleaning services.

k. Rent or mortgage and utilities.

(4) Documentation of applications for employment and applications for volunteers.

(5) Copies of Internal Revenue Service Form 990.

(c) The Department shall take appropriate administrative action to recover any amount of grant funds or State appropriations disbursed to a pregnancy center for any fiscal year in which the Department determines that the pregnancy center is out of compliance with the performance

1 standards adopted under this section. A pregnancy center aggrieved by a final determination of
2 the Department pursuant to this subsection may appeal the decision as provided under Article 3
3 of Chapter 150B of the General Statutes."

4 **SECTION 3.** This act becomes effective July 1, 2025.