

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025**

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**HOUSE BILL 192
Committee Substitute Favorable 6/24/25**

Short Title: Salary Adjustments and Budget Offsets.

(Public)

Sponsors:

Referred to:

February 26, 2025

A BILL TO BE ENTITLED
AN ACT APPROPRIATING FUNDS FOR THE 2025-2027 FISCAL BIENNIUM TO AWARD
PUBLIC EMPLOYEE BENEFITS INCREASES AND LEGISLATIVELY MANDATED
SALARY INCREASES TO STATE EMPLOYEES, TEACHERS, AND OTHER PUBLIC
SCHOOL EMPLOYEES, AND IMPLEMENTING VARIOUS BUDGETARY
TRANSFERS, REDUCTIONS, ADJUSTMENTS, AND OFFSETS.

The General Assembly of North Carolina enacts:

PART I. APPROPRIATIONS

APPROPRIATIONS

SECTION 1.1.(a) There is appropriated from the General Fund the sum of eight hundred eighty-two million two hundred ninety-one thousand seven hundred seventy-three dollars (\$882,291,773) in recurring funds for the 2025-2026 fiscal year for the costs associated with implementing the provisions of Parts III and IV of this act. These sums are allocated as follows:

Entity	FY 2025-2026
Community College System Office	\$38,878,402
Department of Public Instruction	\$486,761,106
The University of North Carolina	\$137,419,826
DHHS – Aging	\$119,365
DHHS – Central Management and Support	\$3,613,866
DHHS – Child and Family Well-Being	\$1,180,726
DHHS – Child Development and Early Education	\$94,764
DHHS – Emp. & Indp. For People With Disabilities	\$1,147,554
DHHS – Health Benefits	\$1,005,688
DHHS – Health Service	



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1	Regulation	\$1,354,865
2	DHHS – Mental Health/Dev. Disabl./	
3	Substance Use Services	\$24,825,416
4	DHHS – Public Health	\$1,947,208
5	DHHS – Services for the Blind/Deaf/	
6	Hard of Hearing	\$268,111
7	DHHS – Social Services	\$945,233
8	Dept. of Agriculture and	
9	Consumer Services	\$4,983,054
10	Dept. of Commerce	\$920,974
11	Dept. of Env. Quality	\$2,510,658
12	Dept. of Labor	\$845,577
13	Dept. of Natural and	
14	Cultural Resources	\$7,823,083
15	Wildlife Resources Comm.	\$640,019
16	Administrative Office	
17	of the Courts	\$20,925,927
18	Indigent Defense Services	\$3,294,015
19	Department of Adult Correction	\$98,811,734
20	Department of Justice	\$2,671,647
21	Dept. of Public Safety	\$23,953,623
22	State Bureau of Investigation	\$2,004,418
23	Dept. of Administration	\$1,288,876
24	Office of Admin. Hearings	\$369,307
25	Auditor	\$806,396
26	Office of Budget and	
27	Management	\$335,176
28	Controller	\$729,498
29	Board of Elections	\$247,102
30	General Assembly	\$1,817,617
31	Office of the Governor	\$135,528
32	Office of State Human Resources	\$300,050
33	Industrial Commission	\$250,399
34	Dept. of Insurance	\$1,581,249
35	Office of State Fire Marshal	\$336,372
36	Office of the Lt. Governor	\$30,399
37	Dept. of Military and Veteran	
38	Affairs	\$219,696
39	Department of Revenue	\$3,169,448
40	Secretary of State	\$673,086
41	Dept. of Information	
42	Technology	\$1,054,715

43
44 **SECTION 1.1.(b)** There is appropriated from the Highway Fund to the Department
45 of Transportation for the costs associated with implementing the provisions of this act the sum
46 of twenty-seven million eight hundred forty-three thousand eight hundred twenty-five dollars
47 (\$27,843,825) in recurring funds for the 2025-2026 fiscal year.

48 **SECTION 1.1.(c)** Departmental receipts, as defined in G.S. 143C-1-1, are
49 appropriated for each year of the 2025-2027 fiscal biennium up to the amounts needed to
50 implement the legislatively mandated salary increases and employee benefit increases provided
51 in this act for each year of the 2025-2027 fiscal biennium.

PART II. TRANSFERS, REDUCTIONS, ADJUSTMENTS, AND OFFSETS

EDUCATION LOTTERY FUND ALLOCATIONS AND ADJUSTMENTS TO APPROPRIATIONS FROM THE ESCHEAT FUND

SECTION 2.1.(a) The allocations made from the Education Lottery Fund for the 2025-2027 fiscal biennium are as follows:

	FY 2025-2026	FY 2026-2027
Noninstructional Support Personnel	\$385,914,455	\$385,914,455
Prekindergarten Program	78,252,110	78,252,110
Public School Building Capital Fund	100,000,000	100,000,000
Needs-Based Public School Capital Fund	258,252,612	258,252,612
Public School Repair & Renovation	50,000,000	50,000,000
Scholarship Reserve Fund for Public Colleges and Universities	17,748,769	17,748,769
Children of Wartime Veterans Scholarship	11,070,964	11,070,964
School Transportation	182,193,702	186,033,702
TOTAL ALLOCATION	\$1,083,432,612	\$1,087,272,612

SECTION 2.1.(b) The funds appropriated pursuant to G.S. 143C-5-4(b) to the Longleaf Commitment Community College Grant Program (Budget Code 16012) from the Escheat Fund are reduced for each year of the 2025-2027 fiscal biennium by the sum of twelve million three hundred seventy-five thousand dollars (\$12,375,000) in recurring funds.

SECTION 2.1.(c) The funds appropriated pursuant to G.S. 143C-5-4(b) to the Children of Wartime Veterans Scholarship (Budget Code 16012) from the Escheat Fund are reduced for each year of the 2025-2027 fiscal biennium by the sum of eleven million seventy thousand nine hundred sixty-four dollars (\$11,070,964) in recurring funds.

SECTION 2.1.(d) There is appropriated from the Escheat Fund to the Need-Based Scholarship for Public Colleges and Universities program (UNC Budget Code 16012) the sum of ninety-eight million four hundred eighteen thousand five hundred twelve dollars (\$98,418,512) in recurring funds for each year of the 2025-2027 fiscal biennium.

SECTION 2.1.(e) The funds appropriated pursuant to G.S. 143C-5-4(b) to the Need-Based Scholarship for Public Colleges and Universities program (UNC Budget Code 16012) are reduced by seventy-four million dollars nine hundred seventy-two thousand five hundred forty-eight dollars (\$74,972,548) in recurring funds for each year of the 2025-2027 fiscal biennium.

SECTION 2.1.(f) The funds appropriated pursuant to G.S. 143C-5-4(b) to the Department of Public Instruction for the State Public School Fund (Budget Code 13510, Budget Fund 101180) for school transportation are reduced by the sum of one hundred sixty million eight hundred seven thousand six hundred twelve dollars (\$160,807,612) in recurring funds for the 2025-2026 fiscal year and reduced by the sum of one hundred sixty-four million six hundred forty-seven thousand six hundred twelve dollars (\$164,647,612) in recurring funds for the 2026-2027 fiscal year.

SECTION 2.1.(g) Notwithstanding G.S. 18C-164(b3), the sum of one hundred one million forty thousand dollars (\$101,040,000) in net revenues from the 2024-2025 fiscal year, after appropriation pursuant to G.S. 18C-164(b1) and transfer pursuant to G.S. 18C-164(b2), shall be allocated to the Department of Public Instruction for school transportation for the 2025-2026 fiscal year. Funds remaining after the allocation described in this subsection shall be appropriated to the Needs-Based Public School Capital Fund.

SECTION 2.1.(h) The funds appropriated pursuant to G.S. 143C-5-4(b) to the Department of Public Instruction for school transportation are reduced by one hundred one

million forty thousand dollars (\$101,040,000) in nonrecurring funds for the 2025-2026 fiscal year.

SECTION 2.1.(i) Subsection (g) of this section becomes effective June 30, 2025. The remainder of this section becomes effective July 1, 2025.

INDIAN GAMING EDUCATION REVENUE FUND

SECTION 2.2.(a) The allocations made from the Indian Gaming Education Revenue Fund for the 2025-2027 fiscal biennium are as follows:

	FY 2025-2026	FY 2026-2027
Textbooks and Digital Resources	\$10,000,000	\$10,000,000
Classroom Materials Allotment	15,500,000	3,500,000
Total Appropriation	\$25,500,000	\$13,500,000

SECTION 2.2.(b) The funds appropriated pursuant to G.S. 143C-5-4(b) to the Department of Public Instruction for the Classroom Materials/Instructional Supplies/Equipment allotment are reduced by the sum of two million five hundred thousand dollars (\$2,500,000) in recurring funds for each year of the 2025-2027 fiscal biennium and twelve million dollars (\$12,000,000) in nonrecurring funds for the 2025-2026 fiscal year.

CIVIL PENALTY AND FORFEITURE FUND

SECTION 2.3.(a) The allocations made from the Civil Penalty and Forfeiture Fund for the 2025-2027 fiscal biennium are as follows:

	FY 2025-2026	FY 2026-2027
School Technology Fund	\$18,000,000	\$18,000,000
Drivers Education	31,493,768	31,493,768
State Public School Fund	186,041,640	166,041,640
Total Appropriation	\$235,535,408	\$215,535,408

SECTION 2.3.(b) The funds appropriated pursuant to G.S. 143C-5-4(b) to the Department of Public Instruction for the State Public School Fund are reduced by the sum of twenty million dollars (\$20,000,000) in nonrecurring funds for the 2025-2026 fiscal year.

COMMUNITY COLLEGES NURSING FACULTY SALARY ADJUSTMENT REDUCTION

SECTION 2.4. The funds appropriated pursuant to G.S. 143C-5-4(b) to the Community Colleges System Office for Nursing Faculty Salary Adjustments (Budget Code 16800, Budget Fund 105414) are reduced for each year of the 2025-2027 fiscal biennium by the sum of one million one hundred twenty-three thousand six hundred fifty-nine dollars (\$1,123,659) in recurring funds. These reductions align the appropriated amount with the actual amount expended for salary adjustments for nursing faculty pursuant to Section 39.23 of S.L. 2023-134.

COMMUNITY COLLEGE ENROLLMENT GROWTH ADJUSTMENT

SECTION 2.4A. There is appropriated from the General Fund to the Community Colleges System Office for each year of the 2025-2027 fiscal biennium the recurring sums of (i) ninety-four million nine hundred thirty-five thousand two hundred sixty-seven dollars (\$94,935,267) in total requirements and (ii) nineteen million nine hundred thirty-six thousand six hundred sixty-four dollars (\$19,936,664) in receipts. Appropriations pursuant to this section result in a total net appropriation of seventy-four million nine hundred ninety-eight thousand six hundred three dollars (\$74,998,603) in recurring funds and shall be used to account for an increase in enrollment at community colleges in the State.

**RECEIPT ADJUSTMENTS AND GENERAL FUND REDUCTIONS FOR THE
DEPARTMENT OF PUBLIC INSTRUCTION**

SECTION 2.5.(a) Receipts for the Department of Public Instruction to the State Public School Fund are increased for the 2025-2026 fiscal year by the sum of forty-one million three hundred fifty-eight thousand sixteen dollars (\$41,358,016) and for the 2026-2027 fiscal year by the sum of five million fourteen thousand two hundred fourteen dollars (\$5,014,214). The net General Fund appropriation to the Department of Public Instruction for each year of the 2025-2027 fiscal biennium for the State Public School Fund is reduced by an amount equal to these increases in receipts. The increases in receipts are as follows:

- (1) State Public School Fund (Budget Code 13510, Budget Fund 101180). – For the 2025-2026 fiscal year, one million three hundred fifty-eight thousand sixteen dollars (\$1,358,016) in recurring funds. For the 2026-2027 fiscal year, five million fourteen thousand two hundred fourteen dollars (\$5,014,214) in recurring funds. These funds reflect the transfer of sales and use tax proceeds from the Department of Revenue to the State Public School Fund, as established in S.L. 2005-276.
- (2) State Public School Fund (Budget Code 13510, Budget Fund 101180). – For the 2025-26 fiscal year, forty million dollars (\$40,000,000) in nonrecurring funds to reflect a transfer of funds from the State Textbook Fund (Budget Code 73510, Budget Fund 700100).

SECTION 2.5.(b) The funds appropriated pursuant to G.S. 143C-5-4(b) to the Department of Public Instruction are reduced for the 2025-2026 fiscal year by the sum of eleven million three hundred forty-seven thousand one hundred eighty-four dollars (\$11,347,184) and for the 2026-2027 fiscal year by the sum of eleven million three hundred forty-seven thousand one hundred eighty-four dollars (\$11,347,184), as follows:

- (1) Reduced-Price Meal Copays (Budget Code 13510, Budget Fund 101180). – For each year of the 2025-2027 fiscal biennium, three million dollars (\$3,000,000) in recurring funds to offset copays for reduced-price school meals to match actual expenditures.
- (2) NC Association of School Business Officers (Budget Code 13510, Budget Fund 101191). – For each year of the 2025-2027 fiscal biennium, two million two hundred twenty-five thousand dollars (\$2,225,000) in recurring funds to eliminate funding for the Department of Public Instruction to contract with the NC Association of School Business Officers to provide technical assistance to public school units with regard to maximizing the benefit of their fiscal resources.
- (3) Small Specialty High Schools (Budget Code 13510, Budget Fund 101180). – For each year of the 2025-2027 fiscal biennium, one million eight hundred seventeen thousand nine hundred sixty-eight dollars (\$1,817,968) in recurring funds to eliminate funds for small specialty high schools, an initiative that previously supported a school-within-a-school model.
- (4) Learn and Earn (Budget Code 13510, Budget Fund 101180). – For each year of the 2025-2027 fiscal biennium, one million dollars (\$1,000,000) in recurring funds to eliminate funds for virtual cooperative innovative high schools, which existed under a previous version of the State's dual enrollment program but are now part of the Career and College Promise program.
- (5) Plasma Games (Budget Code 13510, Budget Fund 101060). – For each year of the 2025-2027 fiscal biennium, one million eight hundred thousand dollars (\$1,800,000) in recurring funds to eliminate funds for the Department's contract with Plasma Games, Inc., which provides science, technology,

- 1 engineering, and math (STEM) focused educational software in STEM and
2 career and technical education classes.
- 3 (6) Beginnings (Budget Code 13510, Budget Fund 101191). – For each year of
4 the 2025-2027 fiscal biennium, one million five hundred four thousand two
5 hundred sixteen dollars (\$1,504,216) in recurring funds to eliminate funding
6 for Beginnings for Parents of Children Who are Deaf or Hard of Hearing, Inc.,
7 a nonprofit that provides outreach and support for parents and families of
8 children who are deaf or hard of hearing.

10 PUBLIC SCHOOLS ENROLLMENT AND TECHNICAL ADJUSTMENTS

11 **SECTION 2.5A.** There is appropriated from the General Fund to the Department of
12 Public Instruction the sum of one hundred four million two hundred forty-eight thousand six
13 hundred twenty-four dollars (\$104,248,624) in recurring funds in each year of the 2025-2027
14 fiscal biennium for changes in average salaries, special population headcounts, and other
15 technical adjustments.

17 MAINTAIN COVERAGE OF COPAYS FOR REDUCED-PRICE SCHOOL MEALS

18 **SECTION 2.6.(a)** G.S. 115C-264 is amended by adding a new subsection to read:

19 "(a1) Local boards of education operating school nutrition programs shall provide school
20 meals at no cost to students who qualify for reduced-price meals under the federal National
21 School Lunch Program or School Breakfast Program. If funds from alternate sources are
22 insufficient to provide school meals at no cost to students who qualify for reduced-price meals,
23 the Department of Public Instruction may use funds appropriated to the State Aid for Public
24 Schools Fund for this purpose. For the purposes of this section, "school meal" includes school
25 lunch and, if the local board of education participates in the School Breakfast Program, school
26 breakfast."

27 **SECTION 2.6.(b)** Section 7.58 of S.L. 2023-134 is repealed.

29 REPEAL PLASMA GAMES PROGRAM

30 **SECTION 2.7.** Section 7.69 of S.L. 2023-134, as amended by Section 2.8F of S.L.
31 2024-1, is repealed.

33 REPEAL BEGINNINGS REPORT

34 **SECTION 2.8.** Subsection (b) of Section 7.28 of S.L. 2023-134 is repealed.

36 GENERAL FUND REDUCTIONS FOR THE UNIVERSITY OF NORTH CAROLINA

37 **SECTION 2.9.** The funds appropriated pursuant to G.S. 143C-5-4(b) to the Board
38 of Governors of The University of North Carolina are reduced for the 2025-2026 fiscal year by
39 the sum of three million six hundred twenty-five thousand dollars (\$3,625,000) and for the
40 2026-2027 fiscal year by the sum of three million six hundred twenty-five thousand (\$3,625,000),
41 as follows:

- 42 (1) Longleaf Commitment Community College Grant Program (Budget Code
43 16012). – For each year of the 2025-2027 fiscal biennium, one hundred
44 twenty-five thousand dollars (\$125,000) in recurring funds to eliminate the
45 Longleaf Commitment Community College Grant Program, which provided
46 a two-year need-based grant to community college students who graduated
47 high school during the 2022-2023 school year. There are no students eligible
48 for the program in the 2025-2027 fiscal biennium.
- 49 (2) Graduate Tuition Waiver (Budget Code 16011). – For each year of the
50 2025-2027 fiscal biennium, three million five hundred thousand dollars
51 (\$3,500,000) in recurring funds for nonresident graduate tuition waivers.

NC LOAN REPAYMENT PROGRAM (NC LRP) REDUCTION

SECTION 2.10. The funds appropriated pursuant to G.S. 143C-5-4(b) for the 2025-2027 fiscal biennium to the Department of Health and Human Services, Division of Central Management and Support, for the North Carolina Loan Repayment Program are reduced by the sum of two million dollars (\$2,000,000) in recurring funds for each year of the 2025-2027 fiscal biennium.

FUNDING OFFSET FOR CHILD CARE SUBSIDY

SECTION 2.11. The funds appropriated pursuant to G.S. 143C-5-4(b) for each year of the 2025-2027 fiscal biennium to the Department of Health and Human Services, Division of Child Development and Early Education, for the Child Care Subsidy program shall be reduced by the sum of eight million dollars (\$8,000,000) in recurring General Fund appropriations, which shall be offset with receipts from the federal Temporary Assistance for Needy Families (TANF) block grant for each year of the 2025-2027 fiscal biennium currently budgeted for Work First Family Assistance.

REPEAL THE MENTAL HEALTH AND SUBSTANCE USE TASK FORCE RESERVE FUND

SECTION 2.12.(a) Section 12F.3 of S.L. 2016-94 is repealed.

SECTION 2.12.(b) The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services (DMH/DD/SUS), shall transfer the Mental Health and Substance Use Task Force Reserve Fund's entire unrestricted fund balance, less any obligations for services provided in the 2024-2025 fiscal year, to the DMH/DD/SUS General Fund (Budget Code 14460) for single-stream funding. The funds appropriated pursuant to G.S. 143C-5-4(b) for the 2025-2026 fiscal year to DMH/DD/SUS for single-stream funding shall be reduced by an equivalent amount in nonrecurring funds. Any funds remaining in the Mental Health and Substance Use Task Force Reserve Fund for obligations for services provided in the 2024-2025 fiscal year shall be transferred to the DMH/DD/SUS General Fund (Budget Code 14460) and shall not revert.

SECTION 2.12.(c) The funds appropriated pursuant to G.S. 143C-5-4(b) for each year of the 2025-2027 fiscal biennium to DMH/DD/SUS for the Mental Health and Substance Use Task Force Reserve Fund shall be reduced by ten million dollars (\$10,000,000) in recurring funds.

SECTION 2.12.(d) Departmental receipts appropriated from the Mental Health and Substance Use Task Force Reserve Fund to DMH/DD/SUS to provide funding for the non-federal share of the Projects for Assistance in Transitions from Homelessness (PATH) grant are reduced by the sum of four hundred sixty thousand dollars (\$460,000) in recurring funds for each year of the 2025-2027 fiscal biennium.

SECTION 2.12.(e) There is appropriated from the General Fund to DMH/DD/SUS the sum of four hundred sixty thousand dollars (\$460,000) in recurring funds for each year of the 2025-2027 fiscal biennium. These funds shall be used to offset the reduction in departmental receipts for funding the non-federal share of the PATH grant authorized in subsection (d) of this section.

SECTION 2.12.(f) Departmental receipts appropriated from the Mental Health and Substance Use Task Force Reserve Fund to the Department of Health and Human Services, Division of Child and Family Well-Being, for Child Case Management are reduced by the sum of four million eight hundred seventy-five thousand dollars (\$4,875,000) in recurring funds for each year of the 2025-2027 fiscal biennium.

SECTION 2.12.(g) There is appropriated from the General Fund to the Department of Health and Human Services, Division of Child and Family Well-Being, the sum of three

million four hundred forty-seven thousand two hundred five dollars (\$3,447,205) in recurring funds for each year of the 2025-2027 fiscal biennium. These funds shall be used to partially offset the reduction in departmental receipts for Child Case Management authorized by subsection (f) of this section.

THREE-WAY BED CONTRACTS FUNDING REDUCTION

SECTION 2.13. The funds appropriated pursuant to G.S. 143C-5-4(b) for each year of the 2025-2027 fiscal biennium to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services, for inpatient psychiatric treatment at local community hospitals (three-way bed contracts) shall be reduced by fifteen million six hundred seventy-five thousand two hundred five dollars (\$15,675,205) in recurring funds.

SINGLE-STREAM FUNDING REDUCTION

SECTION 2.14.(a) The funds appropriated pursuant to G.S. 143C-5-4(b) for each year of the 2025-2027 fiscal biennium to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services (DMH/DD/SUS), for single-stream funding shall be reduced by eighteen million five hundred sixty-two thousand six hundred forty-five dollars (\$18,562,645) in recurring funds.

SECTION 2.14.(b) During each year of the 2025-2027 fiscal biennium, each LME/MCO shall offer at least the same level of service utilization as during the 2024-2025 fiscal year across the LME/MCO's catchment area. This requirement shall not be construed to require LME/MCOs to authorize or maintain the same level of services for any specific individual whose services were paid for with single-stream funding. Further, this requirement shall not be construed to create a private right of action for any person or entity against the State of North Carolina or the Department of Health and Human Services or any of its divisions, agents, or contractors and shall not be used as authority in any contested case brought pursuant to Chapter 108C or 108D of the General Statutes.

STATE-COUNTY SPECIAL ASSISTANCE BUDGET SURPLUS REDUCTIONS AND TECHNICAL CORRECTION

SECTION 2.15.(a) Surplus Reduction of General Fund Appropriations. – The funds appropriated from the General Fund pursuant to G.S. 143C-5-4(b) for the 2025-2027 fiscal biennium to the Department of Health and Human Services, Division of Social Services, for the State-County Special Assistance Program authorized by Part 3 of Article 2 of Chapter 108A of the General Statutes (SA Program) are reduced by the sum of eight million six hundred forty-seven thousand two dollars (\$8,647,002) in nonrecurring funds for the 2025-2026 fiscal year and by the sum of two million two hundred fifty thousand dollars (\$2,250,000) in nonrecurring funds for the 2026-2027 fiscal year.

SECTION 2.15.(b) Surplus Reduction of Nonrecurring Departmental Receipts. – Departmental receipts budgeted by the Department of Health and Human Services, Division of Social Services, for the SA Program are reduced by the sum of seven hundred fifty thousand dollars (\$750,000) in nonrecurring funds for the 2025-2026 fiscal year and by the sum of two million two hundred fifty thousand dollars (\$2,250,000) in nonrecurring funds for the 2026-2027 fiscal year.

SECTION 2.15.(c) Technical Correction to Align Budgeted Recurring Amounts from County Receipts and Net Appropriation for State-County Special Assistance Payments. – Departmental receipts are hereby appropriated in the sum of two million eight hundred ninety-seven thousand two dollars (\$2,897,002) in recurring funds for the 2025-2026 fiscal year and by the sum of ten million seven hundred ninety-four thousand four dollars (\$10,794,004) in recurring funds for the 2026-2027 fiscal year, to be used for the SA Program.

TALC SETTLEMENT OFFSET

SECTION 2.16.(a) As used in this section, "Talc Settlement funds" means funds received by the State as a beneficiary of the final consent judgment resolving the case, State of North Carolina, ex rel. Joshua H. Stein, Attorney General, Plaintiff v. Johnson & Johnson, Defendant, in the General Court of Justice, Superior Court Division, Wake County, and any other funds received by the State as a result of a settlement, as defined in G.S. 114-2.4A, relating to claims regarding deceptive marketing about the safety and purity of products containing talcum powder.

SECTION 2.16.(b) There is transferred from the Talc Settlement funds available within the North Carolina Department of Justice (Budget Code 23600/Budget Fund 202295) to the Department of Health and Human Services, Division of Public Health, the sum of seven million nine hundred five dollars (\$7,000,905) in nonrecurring funds for the 2025-2026 fiscal year and the sum of thirteen million four hundred seventy-five thousand three hundred ninety-four dollars (\$13,475,394) in nonrecurring funds for the 2026-2027 fiscal year. Funds transferred pursuant to this subsection are appropriated for the fiscal year in which they are transferred.

SECTION 2.16.(c) The funds appropriated pursuant to G.S. 143C-5-4(b) for the 2025-2027 fiscal biennium to the Department of Health and Human Services, Division of Public Health, are reduced by the sum of seven million nine hundred five dollars (\$7,000,905) in nonrecurring funds for the 2025-2026 fiscal year and by the sum of thirteen million four hundred seventy-five thousand three hundred ninety-four dollars (\$13,475,394) in nonrecurring funds for the 2026-2027 fiscal year. The Department of Health and Human Services, Division of Public Health, shall offset the reductions authorized by this subsection with the Talc Settlement funds transferred and appropriated to the Department of Health and Human Services, Division of Public Health, by subsection (b) of this section.

RECOVERY OF OVERAPPROPRIATION TO THE HEALTH ADVANCEMENT RECEIPTS SPECIAL FUND

SECTION 2.19.(a) The Department of Health and Human Services, Division of Health Benefits (DHB), shall transfer the sum of nineteen million three hundred two thousand dollars (\$19,302,000) in nonrecurring funds for the 2025-2026 fiscal year from the Health Advancement Receipts Special Fund (Budget Code 24448) to the DHB General Fund (Budget Code 14445).

SECTION 2.19.(b) The funds appropriated pursuant to G.S. 143C-5-4(b) for the 2025-2026 fiscal year to the Department of Health and Human Services, Division of Health Benefits (DHB), to support the Medicaid program shall be reduced by nineteen million three hundred two thousand dollars (\$19,302,000) in nonrecurring funds.

COUNTY ADMINISTRATION REIMBURSEMENT SYSTEM REPLACEMENT TEMPORARY REDUCTION

SECTION 2.20. The funds appropriated pursuant to G.S. 143C-5-4(b) for the 2025-2026 fiscal year to the Department of Health and Human Services, Division of Social Services, for the operations and maintenance of a new County Administration Reimbursement System (CARS), which was anticipated to have been implemented in the 2024-2025 fiscal year but has not yet occurred, shall be reduced by the sum of one million five hundred seventy-eight thousand nine hundred five dollars (\$1,578,905) in nonrecurring funds for the 2025-2026 fiscal year.

REDUCTION TO MEDICALLY ASSISTED TREATMENT IN JAILS PROGRAM

SECTION 2.21. The funds appropriated pursuant to G.S. 143C-5-4(b) for the 2025-2026 fiscal year to the Department of Public Safety for the Medically Assisted Treatment (MAT) in jails programs are reduced by the sum of two million dollars (\$2,000,000) in recurring funds beginning in the 2025-2026 fiscal year.

TRANSFER FROM INSURANCE REGULATORY FUND

SECTION 2.22. Effective July 1, 2025, there is transferred from the Insurance Regulatory Fund in the Department of Insurance to the General Fund the sum of two million one hundred sixty-eight thousand twenty dollars (\$2,168,020) in recurring funds for the 2025-2026 fiscal year.

VACANT POSITION FLEXIBILITY

SECTION 2.23.(a) Reduction. – By October 1 of each year of the 2025-2027 fiscal biennium, State agencies with the following vacant position reductions shall eliminate vacant positions that remain vacant at the end of the 2024-2025 fiscal year to achieve the following General Fund budgeted reductions in each of those years:

	FY 2025-2026	FY 2026-2027
Department of Public Instruction	(\$1,848,573)	(\$1,848,573)
The University of North Carolina	(5,000,000)	(7,000,000)
Department of Environmental Quality	(2,263,924)	(2,933,529)
Department of Information Technology	(1,395,442)	(1,395,442)

SECTION 2.23.(b) Report. – Each State agency with vacant position reductions shall report to the Fiscal Research Division by December 1 of each year of the 2025-2027 fiscal biennium on the actions taken to achieve the budgeted reduction for vacant position eliminations for that fiscal year. The report shall include a list of each position eliminated, identified by position number, title, and the amount of salary and fringe benefits associated with the position.

PART III. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES

TEACHER SALARY SCHEDULE

SECTION 3.1.(a) The following monthly teacher salary schedule shall apply for the 2025-2026 fiscal year to licensed personnel of the public schools who are classified as teachers. The salary schedule is based on years of teaching experience.

2025-2026 Teacher Monthly Salary Schedule

Years of Experience	"A" Teachers
0	\$4,800
1	\$4,825
2	\$4,850
3	\$4,875
4	\$4,900
5	\$4,950
6	\$5,000
7	\$5,050
8	\$5,100
9	\$5,150
10	\$5,200
11	\$5,250
12	\$5,300
13	\$5,350
14	\$5,403
15	\$5,496

1	16	\$5,521
2	17	\$5,546
3	18	\$5,571
4	19	\$5,591
5	20	\$5,611
6	21	\$5,631
7	22	\$5,651
8	23	\$5,671
9	24	\$5,691
10	25+	\$5,711

SECTION 3.1.(b) 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 3.1.(c) For school psychologists, school speech pathologists who are licensed as speech pathologists at the master's degree level or higher, and school audiologists who are licensed as audiologists at the master's degree level or higher, the following shall apply:

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

SECTION 3.1.(d) Beginning with the 2014-2015 fiscal year, in lieu of providing annual longevity payments to teachers paid on the teacher salary schedule, the amounts of those longevity payments are included in the monthly amounts under the teacher salary schedule.

SECTION 3.1.(e) A teacher compensated in accordance with this salary schedule in the 2025-2026 school year shall receive an amount equal to the greater of the following:

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

SECTION 3.1.(f) As used in this section, the term "teacher" shall also include instructional support personnel.

REINSTATE EDUCATION-BASED SALARY SUPPLEMENTS FOR TEACHERS AND INSTRUCTIONAL SUPPORT PERSONNEL

SECTION 3.2.(a) G.S. 115C-302.10 is repealed.

SECTION 3.2.(b) Notwithstanding any other provision of law, for the 2025-2026 fiscal year, State Board of Education policy TCP-A-006, as it was in effect on June 30, 2013, shall be used to determine (i) whether teachers and instructional support personnel are paid on the "M" salary schedule and (ii) whether they receive a salary supplement for academic preparation at the six-year or doctoral degree level.

CONSOLIDATED TEACHER BONUS PROGRAM

SECTION 3.3.(a) Establish Consolidated Bonus Program. – The State Board of Education shall establish a consolidated teacher bonus program for the 2025-2026 fiscal year to reward teacher performance and encourage student learning and improvement. To attain this goal, the Department of Public Instruction shall administer bonus pay to qualifying teachers whose salaries are supported from State funds in January of 2026, based on data from the 2024-2025 school year, in accordance with this section.

SECTION 3.3.(b) Definitions. – For purposes of this section, the following definitions shall apply:

- (1) Eligible advanced course teacher. – A teacher of Advanced Placement courses, International Baccalaureate Diploma Programme courses, or the Cambridge Advanced International Certificate of Education (AICE) program who meets the following criteria:
 - a. Is employed by, or retired having last held a position at, one or more of the following:
 1. A qualifying public school unit.
 2. The North Carolina Virtual Public School program.
 - b. Taught one or more students who received a score listed in subsection (c) of this section.
- (2) Eligible career and technical education (CTE) teacher. – A teacher who meets the following criteria:
 - a. Is employed by, or retired having last held a position at, a qualifying public school unit.
 - b. Taught one or more students who attained approved industry certifications or credentials consistent with G.S. 115C-156.2.

- (3) Eligible growth teacher. – A teacher who meets at least one of the following criteria:
- a. Is employed by, or retired having last held a position at, a qualifying public school unit and meets one of the following criteria:
 1. Is in the top twenty-five percent (25%) of teachers in the State according to the EVAAS student growth index score for third grade reading from the previous school year.
 2. Is in the top twenty-five percent (25%) of teachers in the State according to the EVAAS student growth index score for fourth or fifth grade reading from the previous school year.
 3. Is in the top twenty-five percent (25%) of teachers in the State according to the EVAAS student growth index score for fourth, fifth, sixth, seventh, or eighth grade mathematics from the previous school year.
 - b. Is employed by, or retired having last held a position at, a local school administrative unit and meets one of the following criteria:
 1. Is in the top twenty-five percent (25%) of teachers in the teacher's respective local school administrative unit according to the EVAAS student growth index score for third grade reading from the previous school year.
 2. Is in the top twenty-five percent (25%) of teachers in the teacher's respective local school administrative unit according to the EVAAS student growth index score for fourth or fifth grade reading from the previous school year.
 3. Is in the top twenty-five percent (25%) of teachers in the teacher's respective local school administrative unit according to the EVAAS student growth index score for fourth, fifth, sixth, seventh, or eighth grade mathematics from the previous school year.
 - c. Was employed by a local school administrative unit that employed in the previous school year three or fewer total teachers in that teacher's grade level as long as the teacher has an EVAAS student growth index score from the previous school year of exceeded expected growth in one of the following subject areas:
 1. Third grade reading.
 2. Fourth or fifth grade reading.
 3. Fourth, fifth, sixth, seventh, or eighth grade mathematics.
- (4) EVAAS. – The Education Value-Added Assessment System.
- (5) Qualifying public school unit. – Any of the following:
- a. A local school administrative unit.
 - b. A charter school.
 - c. A regional school.
 - d. A school providing elementary or secondary instruction operated by The University of North Carolina under Article 29A of Chapter 116 of the General Statutes.
- (6) Qualifying teacher. – An eligible teacher who meets one of the following criteria:
- a. Remains employed teaching in the same qualifying public school unit, or, if an eligible advanced course teacher is only employed by the North Carolina Virtual Public School program, remains employed teaching in that program, at least from the school year the data is

collected until January 1 of the corresponding school year that the bonus is paid.

- b. Retired, between the last day of the school year in which the data is collected and January 1 of the corresponding school year in which the bonus is paid, after attaining one of the following:
1. The age of at least 65 with five years of creditable service.
 2. The age of at least 60 with 25 years of creditable service.
 3. Thirty years of creditable service.

SECTION 3.3.(c) Advanced Course Bonuses. – A bonus in the amount of fifty dollars (\$50.00) shall be provided to qualifying advanced course teachers for each student taught in each advanced course who receives the following score:

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

SECTION 3.3.(d) CTE Bonuses. – For qualifying career and technical education teachers, bonuses shall be provided in the following amounts:

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

SECTION 3.3.(e) CTE Course Value Ranking. – The Department of Commerce, in consultation with the State Board, shall assign a value ranking for each industry certification and credential based on academic rigor and employment value in accordance with this subsection. Fifty percent (50%) of the ranking shall be based on academic rigor and the remaining fifty percent (50%) on employment value. Academic rigor and employment value shall be based on the following elements:

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

SECTION 3.3.(f) Statewide Growth Bonuses. – Of the funds appropriated for the program, bonuses shall be provided to qualifying teachers who are eligible teachers under sub-subdivision a. of subdivision (3) of subsection (b) of this section, as follows:

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

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

SECTION 3.3.(g) Local Growth Bonuses. – Of the funds appropriated for the program, bonuses shall be provided to eligible teachers under sub-subdivisions b. and c. of subdivision (3) of subsection (b) of this section, as follows:

- (1) The sum of five million dollars (\$5,000,000) shall be allocated for bonuses to eligible EVAAS teachers under sub-sub-subdivisions b.1. and c.1. of subdivision (3) of subsection (b) of this section. These funds shall be divided proportionally based on average daily membership in third grade for each local school administrative unit and then distributed equally among qualifying third grade reading teachers in each local school administrative unit.
- (2) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to each qualifying teacher who is an eligible teacher under sub-sub-subdivision b.2. or c.2. of subdivision (3) of subsection (b) of this section.
- (3) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to each qualifying teacher who is an eligible teacher under sub-sub-subdivision b.3. or c.3. of subdivision (3) of subsection (b) of this section.

SECTION 3.3.(h) Limitations and Other Criteria. – The following additional limitations and other criteria shall apply to the program:

- (1) Bonus funds awarded to a teacher pursuant to subsection (c), subsection (d), subdivision (1) of subsection (f), and subdivision (1) of subsection (g) of this section shall not exceed three thousand five hundred dollars (\$3,500) per subsection or subdivision in any given school year.
- (2) A qualifying teacher who is an eligible teacher under sub-sub-subdivision a.1., b.1., or c.1. of subdivision (3) of subsection (b) of this section may receive a bonus under both subdivision (1) of subsection (f) and subdivision (1) of subsection (g) of this section but shall not receive more than seven thousand dollars (\$7,000) pursuant to subdivision (1) of subsection (f) and subdivision (1) of subsection (g) of this section in any given school year.
- (3) A qualifying teacher who is an eligible teacher under sub-sub-subdivision a.2., b.2., or c.2. of subdivision (3) of subsection (b) of this section may receive a bonus under both subdivision (2) of subsection (f) and subdivision (2) of subsection (g) of this section but shall not receive more than two bonuses pursuant to subdivision (2) of subsection (f) and subdivision (2) of subsection (g) of this section in any given school year.
- (4) A qualifying teacher who is an eligible teacher under sub-sub-subdivision a.3., b.3., or c.3. of subdivision (3) of subsection (b) of this section may receive a bonus under both subdivision (3) of subsection (f) and subdivision (3) of subsection (g) of this section but shall not receive more than two bonuses pursuant to subdivision (3) of subsection (f) and subdivision (3) of subsection (g) of this section in any given school year.

SECTION 3.3.(i) Bonuses Not Compensation. – Bonuses awarded to a teacher pursuant to this section shall be in addition to any regular wage or other bonus the teacher receives or is scheduled to receive. Notwithstanding G.S. 135-1(7a), the bonuses awarded under this section are not compensation under Article 1 of Chapter 135 of the General Statutes, Retirement System for Teachers and State Employees.

SECTION 3.3.(j) Study and Report. – The State Board of Education shall study the effect of the program on teacher performance and retention. The State Board shall report the results of its findings and the amount of bonuses awarded to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Joint Legislative Education Oversight

Committee, and the Fiscal Research Division by March 15, 2026. The report shall include, at a minimum, the following information:

- (1) Number of students enrolled and taking examinations in each of the following categories of courses:
 - a. Advanced Placement.
 - b. International Baccalaureate Diploma Programme.
 - c. Cambridge AICE program.
 - d. Courses needed for the attainment of an industry certification or credential.
- (2) Number of students receiving outcomes on examinations resulting in the award of a bonus for a teacher in each category of courses identified in sub-subdivision a. of subdivision (1) of this subsection.
- (3) Number of teachers receiving a bonus in each category of courses identified in sub-subdivision a. of subdivision (1) of this subsection.
- (4) The amounts awarded to teachers for each category of courses identified in sub-subdivision a. of subdivision (1) of this subsection.
- (5) The type of industry certifications and credentials earned by the students, the value ranking for each certification and credential, the number of bonuses earned for each certification or credential, and the total bonus amount awarded for each certification or credential.
- (6) Average bonus amount awarded to each qualifying teacher who is an eligible teacher under sub-sub-subdivision a.1., b.1., or c.1. of subdivision (3) of subsection (b) of this section.
- (7) The percentage of teachers who received a bonus pursuant to this section and were eligible to receive a bonus for teaching in the same grade level or course in January 2022 or January 2023, or both, where applicable, pursuant to one of the following programs:
 - a. The Advanced Course and CTE Bonus Program provided in Section 7A.4 of S.L. 2021-180.
 - b. The Growth-Based Teacher Bonus Program provided in Section 7A.2 of S.L. of 2022-74.
- (8) The percentage of teachers who received a bonus pursuant to this section and received a bonus for teaching in the same grade level or course in either January 2022 or January 2023 pursuant to one of the programs listed in subdivision (7) of this subsection.
- (9) The percentage of teachers who received a bonus pursuant to this section and received a bonus for teaching in the same grade level or course in January 2022 or January 2023, or both, where applicable, pursuant to one of the programs listed subdivision (7) of this subsection.
- (10) The statistical relationship between a teacher receiving a bonus in January 2026 pursuant to this section and receiving a bonus pursuant to a predecessor bonus program. For purposes of this subdivision, the following are predecessor programs:
 - a. Bonuses awarded pursuant to Section 7A.4(c) of S.L. 2021-180 are predecessors to bonuses awarded pursuant to subsection (c) of this section.
 - b. Bonuses awarded pursuant to Section 7A.4(d) of S.L. 2021-180 are predecessors to bonuses awarded pursuant to subsection (d) of this section.
 - c. Bonuses awarded pursuant to subdivision (1) of subsection (c) and subdivision (1) of subsection (d) of Section 7A.2 of S.L. 2022-74 are

- 1 predecessors to bonuses awarded pursuant to subdivision (1) of
2 subsection (f) and subdivision (1) of subsection (g) of this section.
- 3 d. Bonuses awarded pursuant to subdivision (2) of subsection (c) and
4 subdivision (2) of subsection (d) of Section 7A.2 of S.L. 2022-74 are
5 predecessors to bonuses awarded pursuant to subdivision (2) of
6 subsection (f) and subdivision (2) of subsection (g) of this section.
- 7 e. Bonuses awarded pursuant to subdivision (c)(3) and subdivision (d)(3)
8 of Section 7A.2 of S.L. 2022-74 are predecessors to bonuses awarded
9 pursuant to subdivision (3) of subsection (f) and subdivision (3) of
10 subsection (g) of this section.
- 11 f. Bonuses awarded pursuant to the Consolidated Teacher Bonus
12 Program provided in Section 7A.3 of S.L. 2023-134.
- 13 (11) The distribution of statewide and local growth bonuses awarded pursuant to
14 this section as among qualifying public school units and, where applicable,
15 schools within those units.
16

17 SUPPLEMENTAL FUNDS FOR TEACHER COMPENSATION

18 **SECTION 3.4.(a)** Use of Funds. – For the 2025-2026 fiscal year, except as provided
19 in subsection (g) of this section, the State Board of Education shall allocate funds pursuant to this
20 section to eligible local school administrative units to provide salary supplements to teachers and
21 qualifying school administrators in those units. Allocation of salary supplements among teachers
22 and qualifying school administrators within each eligible local school administrative unit,
23 including whether a teacher or qualifying school administrator receives a salary supplement and
24 the amount of the supplement provided to that person, shall be determined in the discretion of
25 the local board of education of the eligible unit, except that no individual salary supplement shall
26 exceed the per teacher funding amount awarded to that unit pursuant to subdivision (4) of
27 subsection (c) of this section.

28 **SECTION 3.4.(b)** Definitions. – As used in this section, the following definitions
29 shall apply:

- 30 (1) Adjusted market value of taxable real property. – A county's assessed taxable
31 real property value, using the latest available data published by the
32 Department of Revenue, divided by the county's sales assessment ratio
33 determined under G.S. 105-289(h).
- 34 (2) Composite value. – For each eligible county, the sum of the following:
35 a. The taxable real property factor multiplied by sixty-five percent
36 (65%).
37 b. The median household income factor multiplied by twenty-five
38 percent (25%).
39 c. The effective tax rate factor multiplied by ten percent (10%).
- 40 (3) County allocation factor. – For each eligible county, the supplement factor for
41 that county divided by the sum of all supplement factors for the State.
- 42 (4) Effective tax rate. – The actual county tax rate multiplied by the most recent
43 annual sales assessment ratio for that county.
- 44 (5) Effective tax rate factor. – For each eligible county, the effective tax rate for
45 that county divided by the median effective tax rate in the State.
- 46 (6) Eligible county. – A county that has an adjusted market value of taxable real
47 property of less than sixty-three billion dollars (\$63,000,000,000).
- 48 (7) Eligible local school administrative unit. – A local school administrative unit
49 located in whole or in part in an eligible county.
- 50 (8) Eligible school. – A public school that is located in an eligible county and
51 governed by a local school administrative unit.

- (9) Maintenance of effort amount. – For each local school administrative unit in each fiscal year, the supplant factor multiplied by the total State and non-State funds expended for salaries for teachers from the fiscal year for which the most recent salary data are available.
- (10) Median household income. – A county's median household income for the most recent 12 months for which data are available, as that term is used in G.S. 143B-437.08.
- (11) Median household income factor. – For each eligible county, the median household income in the State divided by the median household income for that county.
- (12) Non-State funds. – Any funds held by a local school administrative unit, other than nonrecurring federal funds received as a result of legislation enacted by Congress in response to COVID-19, that are not State funds.
- (13) Qualifying school administrator. – Any of the following:
- Assistant principals paid pursuant to G.S. 115C-285(a)(8).
 - Principals paid pursuant to G.S. 115C-285(a)(8a).
- (14) Supplant factor. – For each local school administrative unit in each fiscal year of the fiscal biennium, the total non-State funds expended for salary supplements for teachers in the 2020-2021 fiscal year divided by the total State and non-State funds expended for salaries for teachers in the 2020-2021 fiscal year.
- (15) Supplement factor. – For each eligible county, the composite value multiplied by the number of State-funded teachers employed in a school in the county that is governed by a local school administrative unit.
- (16) Taxable real property factor. – For each eligible county, the median adjusted market value of taxable real property in the State divided by the adjusted market value of taxable real property for that county.
- (17) Teacher. – Teachers and instructional support personnel.
- SECTION 3.4.(c)** Allocation of Funds. – The State Board of Education shall allocate funds for salary supplements to eligible local school administrative units according to the following procedure:
- County allocation. – For each eligible county, the State Board shall determine a county allocation by multiplying the county allocation factor for that county by the funding amount appropriated pursuant to this section for the applicable fiscal year.
 - Per teacher funding amount. – For each eligible county, the State Board shall determine a per teacher funding amount by dividing the county allocation amounts determined pursuant to subdivision (1) of this subsection by the total number of State-funded teachers employed in all eligible schools in that county.
 - Unit funding amount. – For each eligible local school administrative unit, the State Board shall determine the funding amount for that unit based on the per teacher funding amount or amounts for the eligible county or counties where the unit is located. For each county with an eligible school governed by the unit, the State Board shall multiply the applicable per teacher funding amount for that county determined pursuant to subdivision (2) of this subsection by the number of State-funded teachers employed in the eligible school in that county. If the unit is located in multiple eligible counties, the State Board shall aggregate those amounts.
 - Allocation and funding cap. – The State Board shall allocate the amount determined pursuant to subdivision (3) of this subsection to each eligible local

school administrative unit for each applicable fiscal year, up to a maximum of five thousand dollars (\$5,000) per State-funded teacher.

SECTION 3.4.(d) Charter Schools. – Funds appropriated to the Department of Public Instruction pursuant to this section shall be subject to the allocation of funds for charter schools described in G.S. 115C-218.105. The General Assembly encourages charter schools receiving funds pursuant to this section to provide salary supplements to teachers and qualifying school administrators in the charter school in accordance with the requirements of this section.

SECTION 3.4.(e) Formula for Distribution of Supplemental Funding Pursuant to this Section Only. – The formula in this section is solely a basis for distribution of supplemental funding to eligible local school administrative units and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for eligible local school administrative units.

SECTION 3.4.(f) Nonsupplant Requirement. – A local school administrative unit that receives funds under this section shall use those funds to supplement non-State funds provided for salary supplements for teachers and qualifying school administrators and shall not use any State funds, including funds received under this section, Section 7A.4 of S.L. 2023-134, or Section 7A.12 of S.L. 2021-180, to supplant non-State funds provided for salary supplements for teachers and qualifying school administrators. For purposes of this section, a local school administrative unit has supplanted non-State funds if the State Board finds that the amount of non-State funds expended by the unit for salary supplements was less than ninety-five percent (95%) of the maintenance of effort amount for the local school administrative unit.

SECTION 3.4.(g) Nonsupplant Enforcement. – The State Board of Education shall not allocate any funds under this section to a local school administrative unit if it determines that the unit has supplanted non-State funds in violation of subsection (f) of this section.

SECTION 3.4.(h) Reports. – No later than April 15, 2026, the State Board of Education shall report the following information for the applicable fiscal year to the Joint Legislative Education Oversight Committee and the Fiscal Research Division:

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

PRINCIPAL SALARY SCHEDULE

SECTION 3.5.(a) The following annual salary schedule for principals shall apply for the 2025-2026 fiscal year, beginning July 1, 2025:

2025-2026 Principal Annual Salary Schedule

Avg. Daily Membership	Base	Met Growth	Exceeded Growth
0-200	\$79,737	\$87,709	\$95,684
201-400	\$83,723	\$92,095	\$100,467
401-700	\$87,709	\$96,481	\$105,252
701-1,000	\$91,698	\$100,866	\$110,037
1,001-1,600	\$95,684	\$105,252	\$114,821

1,601+ \$99,670 \$109,637 \$119,604

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

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

SECTION 3.5.(b) For purposes of determining the average daily membership of a principal's school, the allotted average daily membership for the school for the applicable school year shall be used. For purposes of this section, the allotted average daily membership of a principal's school shall include any prekindergarten students in membership at that school.

SECTION 3.5.(c) For purposes of determining the school growth scores for each school the principal supervised in one or more prior school years, the following school growth scores shall be used during the following time periods:

- (1) For the first six months of the applicable fiscal year, the school growth scores from the first, second, and third years.
- (2) For the second six months of the applicable fiscal year, the school growth scores from the second, third, and fourth years.
- (3) If a principal does not have a school growth score from any of the school years identified in this subsection, the most recent available growth scores, up to the fourth year, shall be used.

SECTION 3.5.(d) Beginning with the 2017-2018 fiscal year, in lieu of providing annual longevity payments to principals paid on the principal salary schedule, the amounts of those longevity payments are included in the annual amounts under the principal salary schedule.

SECTION 3.5.(e) A principal compensated in accordance with this section for the 2025-2026 fiscal year shall receive an amount equal to the greater of the following:

- (1) The applicable amount on the principal salary schedule for the applicable fiscal year.
- (2) For principals who were eligible for longevity in the 2016-2017 fiscal year, the sum of the following:
 - a. The salary the principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

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

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

SECTION 3.5.(f) For purposes of this section, the following definitions apply:

(1) First year. – The school year immediately preceding the second year.

(2) Fourth year. – The school year immediately preceding the applicable school year.

(3) Second year. – The school year immediately preceding the third year.

(4) The applicable fiscal year. – The 2025-2026 fiscal year.

(5) The applicable school year. – The 2025-2026 school year.

(6) Third year. – The school year immediately preceding the fourth year.

BONUSES FOR PRINCIPALS

SECTION 3.6.(a) The Department of Public Instruction shall administer a bonus in the 2025-2026 fiscal year to any principal who supervised a school as a principal for a majority of the previous school year if that school was in the top fifty percent (50%) of school growth in the State during the previous school year, calculated by the State Board pursuant to G.S. 115C-83.15(c), as follows:

2025-2026 Principal Bonus Schedule

Statewide Growth Percentage	Bonus
Top 5%	\$15,000
Top 10%	\$10,000
Top 15%	\$5,000
Top 20%	\$2,500
Top 50%	\$1,000

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

SECTION 3.6.(b) The bonus awarded pursuant to this section shall be in addition to any regular wage or other bonus the principal receives or is scheduled to receive.

SECTION 3.6.(c) Notwithstanding G.S. 135-1(7a), the bonuses awarded pursuant to this section are not compensation under Article 1 of Chapter 135 of the General Statutes, Retirement System for Teachers and State Employees.

SECTION 3.6.(d) It is the intent of the General Assembly that funds provided pursuant to this section will supplement principal compensation and not supplant local funds.

SECTION 3.6.(e) The bonus provided pursuant to this section shall be paid no later than October 31, 2025, to qualifying principals employed as of October 1, 2025.

ASSISTANT PRINCIPAL SALARIES

SECTION 3.7.(a) For the 2025-2026 fiscal year, beginning July 1, 2025, assistant principals shall receive a monthly salary based on the salary schedule for teachers who are classified as "A" teachers plus nineteen percent (19%). An assistant principal shall be placed on the step on the salary schedule that reflects the total number of years of experience as a certified employee of the public schools. For purposes of this section, an administrator with a one-year provisional assistant principal's certificate shall be considered equivalent to an assistant principal.

SECTION 3.7.(b) Assistant principals with certification based on academic preparation at the six-year degree level shall be paid a salary supplement of one hundred

twenty-six dollars (\$126.00) per month and at the doctoral degree level shall be paid a salary supplement of two hundred fifty-three dollars (\$253.00) per month.

SECTION 3.7.(c) Participants in an approved full-time master's in school administration program shall receive up to a 10-month stipend during the internship period of the master's program. The stipend shall be at the beginning salary of an assistant principal or, for a teacher who becomes an intern, at least as much as that person would earn as a teacher on the teacher salary schedule. The North Carolina Principal Fellows Program or the school of education where the intern participates in a full-time master's in school administration program shall supply the Department of Public Instruction with certification of eligible full-time interns.

SECTION 3.7.(d) Beginning with the 2017-2018 fiscal year, in lieu of providing annual longevity payments to assistant principals on the assistant principal salary schedule, the amounts of those longevity payments are included in the monthly amounts provided to assistant principals pursuant to subsection (a) of this section.

SECTION 3.7.(e) An assistant principal compensated in accordance with this section for the 2025-2026 fiscal year shall receive an amount equal to the greater of the following:

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

CENTRAL OFFICE SALARIES

SECTION 3.8.(a) For the 2025-2026 fiscal year, beginning July 1, 2025, the annual salary for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers whose salaries are supported from State funds shall be increased by two and one-half percent (2.5%).

SECTION 3.8.(b) The monthly salary maximums that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2025-2026 fiscal year, beginning July 1, 2025:

	2025-2026 Fiscal Year
	Maximum
School Administrator I	\$7,762
School Administrator II	\$8,225
School Administrator III	\$8,715
School Administrator IV	\$9,055
School Administrator V	\$9,417
School Administrator VI	\$9,974
School Administrator VII	\$10,373

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

SECTION 3.8.(c) The monthly salary maximums that follow apply to superintendents for the 2025-2026 fiscal year, beginning July 1, 2025:

2025-2026 Fiscal Year

Maximum

Superintendent I	\$10,995
Superintendent II	\$11,650
Superintendent III	\$12,350
Superintendent IV	\$13,092
Superintendent V	\$13,880

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

SECTION 3.8.(d) Longevity pay for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers shall be as provided for State employees under the North Carolina Human Resources Act.

SECTION 3.8.(e) Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided pursuant to this section. Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for under this section.

SECTION 3.8.(f) The State Board of Education shall not permit local school administrative units to transfer State funds from other funding categories for salaries for public school central office administrators.

NONCERTIFIED PERSONNEL SALARIES

SECTION 3.9. For the 2025-2026 fiscal year, beginning July 1, 2025, the annual salary for noncertified public school employees whose salaries are supported from State funds shall be increased as follows:

- (1) For permanent, full-time employees on a 12-month contract, by two and one-half percent (2.5%).
- (2) For the following employees, by an equitable amount based on the amount specified in subdivision (1) of this section:
 - a. Permanent, full-time employees on a contract for fewer than 12 months.
 - b. Permanent, part-time employees.
 - c. Temporary and permanent hourly employees.

PART IV. SALARY AND BENEFITS INCREASES

AUTHORIZATIONS RELATED TO EXPERIENCE-BASED SALARY SCHEDULES

SECTION 4.3. Notwithstanding G.S. 143C-5-4(b)(5), during the period of continuing budget authority that begins July 1, 2025, all of the following apply:

- (1) State employees subject to G.S. 7A-102(c), 7A-171.1, 143B-1714, or any other statutory salary schedule, are authorized to move up on salary schedules and receive applicable automatic step increases.

- (2) State employees, including those exempt from the classification and compensation rules established by the State Human Resources Commission are authorized to receive automatic step increases, annual, performance, merit, bonuses, and other applicable increments.

ALLOW IMPLEMENTATION OF SALARY ADJUSTMENTS

SECTION 4.4. Notwithstanding G.S. 143C-5-4(b)(5), a State agency may implement salary adjustments during the period of continuing budget authority that begins July 1, 2025, within its authorized recurring personal services appropriations if all of the following requirements are met:

- (1) Total personal services expenditures do not exceed the agency's authorized personal services appropriation for the most recent completed fiscal year.
- (2) Any salary increases are funded through position vacancies, turnover savings, or reallocation within the personal services budget.
- (3) The salary increases do not include scheduled salary increases based on experience-based salary schedules.

ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED LEGISLATIVE SALARY INCREASE

SECTION 4.5.(a) Effective July 1, 2025, except as provided by subsection (b) of this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded position on June 30, 2025, is awarded a legislative salary increase in the 2025-2026 fiscal year, as follows:

- (1) A cost-of-living adjustment in the amount of two and one-half percent (2.5%).
- (2) Any other salary adjustment otherwise allowed or provided by law.

SECTION 4.5.(b) Effective July 1, 2025, the following persons are not eligible to receive the legislative salary increases provided by subsection (a) of this section:

- (1) Employees of local boards of education.
- (2) Local community college employees.
- (3) Employees of The University of North Carolina.
- (4) Clerks of superior court compensated under G.S. 7A-101.
- (5) Officers and employees to which Section 4.16 of this Part applies.
- (6) Officers and employees to which Section 4.17 of this Part applies.
- (7) Officers and employees to which Section 4.18 of this Part applies.
- (8) Officers and employees to which Section 4.19 of this Part applies.
- (9) Employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, the Department of Adult Correction, the Governor Morehead School for the Blind, the Eastern North Carolina School for the Deaf, the North Carolina School for the Deaf, and the State Board of Education who are paid based on the Teacher Salary Schedule.

SECTION 4.5.(c) Part-time employees shall receive the increases authorized by this section on a prorated and equitable basis.

SECTION 4.5.(d) No eligible State-funded employee shall be prohibited from receiving the full salary increases provided in this section solely because the employee's salary after applying the legislative salary increase is above the maximum of the salary range prescribed by the State Human Resources Commission.

LABOR MARKET ADJUSTMENT RESERVE

SECTION 4.5A.(a) Of the Labor Market Adjustment Salary Reserve funds appropriated in this act, agencies shall award salary adjustments to identified employees pursuant to the following requirements:

- (1) Any increase provided to an employee shall not exceed the greater of fifteen thousand dollars (\$15,000) or fifteen percent (15%) of their current base salary.
- (2) Any increase provided to an employee may not result in the employee's salary exceeding the maximum salary of the salary range associated with the position.
- (3) No more than twenty-five percent (25%) of the agency's permanent employees may receive a salary increase from the funds appropriated for this purpose.
- (4) Funds may not be awarded to employees in positions with salaries set in law or paid based on an experience-based salary schedule that is eligible to receive funding from the Pay Plan Reserve.
- (5) Funds must be used to increase salaries paid to employees and shall not be used to supplant other funding sources or for any other purpose.

SECTION 4.5A.(b) The Director of the Budget may adjust a State agency's budgeted receipts to provide an equivalent Labor Market Adjustment Salary Reserve for the 2025-2026 fiscal year subject to the requirements in subsection (a) of this section, provided that sufficient receipts are available. Agency receipts needed to implement this section are appropriated for the 2025-2026 fiscal year.

SECTION 4.5A.(c) The Office of State Human Resources (OSHR) shall compile a single report detailing how these funds were distributed by each agency. The OSHR shall develop a uniform reporting mechanism for agencies that displays the salary increases made for each position classification, the average increase provided to employees in each position classification, and the market-based justification for the awarded salary increases. Agencies receiving Labor Market Adjustment Salary Reserve appropriations shall report to the OSHR by December 15, 2025. By January 15, 2026, the OSHR shall submit the report containing the agency responses to the Fiscal Research Division.

PERSONAL SERVICES BUDGET REALLOCATION

SECTION 4.5B.(a) The General Assembly finds that attracting and retaining competent State employees is essential to provide efficient and effective public services. The General Assembly further finds that State agencies, departments, and institutions with a consistent number of vacant positions would benefit from salary increases to improve employee recruitment and retention.

SECTION 4.5B.(b) To better align personal services budgets, the net General Fund appropriations for the 2025-2026 fiscal year are reduced by sum of one hundred sixty-two million six hundred thirty-four thousand five hundred ninety-three dollars (\$162,634,593) in recurring funds that support vacant positions across State agencies, departments, and institutions being eliminated. This reduction represents the savings from an estimated elimination of twenty percent (20%) of vacant State-funded positions across State agencies, departments, and institutions as of April 1, 2025, and shall be allocated by the Office of State Budget and Management in accordance with this section.

SECTION 4.5B.(c) For each General Fund budget code, the Office of State Budget and Management shall allocate the savings derived from the vacant position reduction under subsection (b) of this section to the same budget code for Labor Market Adjustment Reserve salary adjustments and additional adjustments to salary schedules.

SECTION 4.5B.(d) This section does not apply to any of the following:

- (1) State-funded local employees of community colleges.
- (2) State-funded local employees of local public school units.

(3) The General Assembly.

SECTION 4.5B.(e) Of the Labor Market Adjustment Reserve funds provided to the Administrative Office of the Courts in accordance with subsection (c) of this section, the Office of State Budget and Management shall allocate the sum of five hundred seventy-five thousand two hundred twenty-eight dollars (\$575,228) in recurring funds for the 2025-2026 fiscal year to increases to the Magistrates salary schedule in Section 4.11 of this act.

GOVERNOR AND COUNCIL OF STATE

SECTION 4.6.(a) Effective July 1, 2025, G.S. 147-11(a) reads as rewritten:

"§ 147-11. Salary and expense allowance of Governor; allowance to person designated to represent Governor's office.

(a) The salary of the Governor shall be ~~two hundred three thousand seventy three dollars (\$203,073)~~ two hundred eight thousand one hundred fifty dollars (\$208,150) annually, payable monthly."

SECTION 4.6.(b) Effective July 1, 2025, the annual salaries for members of the Council of State, payable monthly, are set as follows:

Council of State	Annual Salary
Lieutenant Governor	\$172,594
Attorney General	172,594
Secretary of State	172,594
State Treasurer	172,594
State Auditor	172,594
Superintendent of Public Instruction	172,594
Agriculture Commissioner	172,594
Insurance Commissioner	172,594
Labor Commissioner	172,594

CERTAIN EXECUTIVE BRANCH OFFICIALS

SECTION 4.7. Effective July 1, 2025, the annual salaries, payable monthly, for the following executive branch officials are as follows:

Executive Branch Officials	Annual Salary
Chairman, Alcoholic Beverage Control Commission	\$144,365
State Controller	201,022
Commissioner of Banks	162,028
Chair, Board of Review, Division of Employment Security	158,931
Members, Board of Review, Division of Employment Security	156,989
Chairman, Parole Commission	158,931
Full-time Members of the Parole Commission	146,948
Chairman, Utilities Commission	180,159
Members of the Utilities Commission	162,028
Executive Director, North Carolina Agricultural Finance Authority	140,590
State Fire Marshal	142,526

JUDICIAL BRANCH

SECTION 4.8.(a) Effective July 1, 2025, the annual salaries, payable monthly, for the following judicial branch officials are as follows:

Judicial Branch Officials	Annual Salary
Chief Justice, Supreme Court	\$208,150
Associate Justice, Supreme Court	202,747
Chief Judge, Court of Appeals	199,541
Judge, Court of Appeals	194,362

1	Judge, Senior Regular Resident Superior Court	178,606
2	Judge, Superior Court	173,353
3	Chief Judge, District Court	171,737
4	Judge, District Court	166,686
5	Chief Administrative Law Judge	148,354
6	District Attorney	171,520
7	Assistant Administrative Officer of the Courts	155,610
8	Public Defender	171,520
9	Director of Indigent Defense Services	172,779

SECTION 4.8.(b) The district attorney of a judicial district, with the approval of the Administrative Officer of the Courts, and the public defender of a judicial district, with the approval of the Commission on Indigent Defense Services, shall set the salaries of assistant district attorneys and assistant public defenders in that district such that the average salary of those assistants in that district does not exceed one hundred four thousand four hundred thirty-nine dollars (\$104,439) and the minimum salary of any assistant is at least fifty-six thousand fifty-four dollars (\$56,054), effective July 1, 2025.

CLERKS OF SUPERIOR COURT

SECTION 4.9. Effective July 1, 2025, G.S. 7A-101(a) reads as rewritten:

"§ 7A-101. Compensation.

(a) The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the number of State-funded assistant and deputy clerks of court as determined by the Administrative Office of Court's workload formula, according to the following schedule:

Assistants and Deputies	Annual Salary
0-19	\$111,726 <u>\$115,190</u>
20-29	123,488 <u>127,316</u>
30-49	135,248 <u>139,441</u>
50-99	147,010 <u>151,567</u>
100 and above	149,949 <u>154,597</u>

If the number of State-funded assistant and deputy clerks of court as determined by the Administrative Office of Court's workload formula changes, the salary of the clerk shall be changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate for that new number, except that the salary of an incumbent clerk shall not be decreased by any change in that number during the clerk's continuance in office."

ASSISTANT AND DEPUTY CLERKS OF COURT

SECTION 4.10. Effective July 1, 2025, G.S. 7A-102(c1) reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	\$40,482 <u>\$41,737</u>
Maximum	74,792 <u>77,111</u>
Deputy Clerks	Annual Salary
Minimum	\$36,315 <u>\$37,441</u>
Maximum	58,740 <u>60,561</u> "

MAGISTRATES

SECTION 4.11. Effective July 1, 2025, G.S. 7A-171.1(a)(1) reads as rewritten:

"(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

Step Level	Annual Salary
Entry Rate	\$47,228 <u>\$48,881</u>
Step 1	\$50,714 <u>\$52,489</u>
Step 2	\$54,475 <u>\$56,382</u>
Step 3	\$58,457 <u>\$60,503</u>
Step 4	\$63,228 <u>\$65,441</u>
Step 5	\$68,973 <u>\$71,387</u>
Step 6	\$75,415 <u>\$78,055.</u>

LEGISLATIVE EMPLOYEES

SECTION 4.12.(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 and one-half percent (2.5%).

SECTION 4.12.(b) Nothing in this act limits any of the provisions of G.S. 120-32.

GENERAL ASSEMBLY PRINCIPAL CLERKS

SECTION 4.12A. 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-seven thousand two hundred eighty-four dollars (\$137,284), payable monthly. Each principal clerk shall also receive such additional compensation as approved by the Speaker of the House of Representatives or the President Pro Tempore of the Senate, respectively, for additional employment duties beyond those provided by the rules of their House. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this ~~paragraph~~subsection."

SERGEANTS-AT-ARMS AND READING CLERKS

SECTION 4.13. Effective July 1, 2025, G.S. 120-37(b) reads as rewritten:

"(b) The sergeant at arms and the reading clerk in each house shall be paid a salary of ~~five hundred twenty-eight dollars (\$528.00)~~ five hundred forty-one dollars (\$541.00) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants at arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

COMMUNITY COLLEGES

SECTION 4.14.(a) Effective July 1, 2025, the State Board of Community Colleges shall provide community college faculty and non-faculty personnel with an across-the-board salary increase in the amount of two and one-half percent (2.5%).

SECTION 4.14.(b) Effective July 1, 2025, the minimum salaries for nine-month, full-time curriculum community college faculty are as follows:

Educational Level	Minimum Salary
Vocational Diploma/Certificate or Less	\$44,198
Associate Degree or Equivalent	44,813
Bachelor's Degree	47,479
Master's Degree or Education Specialist	49,845
Doctoral Degree	53,255

SECTION 4.14.(c) No full-time faculty member shall earn less than the minimum salary for the faculty member's education level. The pro rata hourly rate of the minimum salary for each education level shall be used to determine the minimum salary for part-time faculty members.

UNIVERSITY OF NORTH CAROLINA

SECTION 4.15. Effective July 1, 2025, the Board of Governors of The University of North Carolina shall provide SHRA employees, EHRA employees, and teachers employed by the North Carolina School of Science and Mathematics with an across-the-board salary increase in the amount of two and one-half percent (2.5%).

**CORRECTIONAL OFFICERS/YOUTH COUNSELORS/YOUTH COUNSELOR
TECHNICIANS/YOUTH SERVICES BEHAVIORAL SPECIALISTS – SALARY
SCHEDULE**

SECTION 4.16.(a) Effective July 1, 2025, State employees serving as correctional officers in the Department of Adult Correction shall be compensated at a specific pay rate on the basis of a salary schedule determined according to the duration of the employee's correctional officer work experience pursuant to the salary schedule in subsection (b) of this section.

SECTION 4.16.(a1) Effective July 1, 2025, State employees serving in the Department of Public Safety, Division of Juvenile Justice and Delinquency Prevention, shall be compensated at a specific pay rate set on the basis of a salary schedule determined according to the duration of the employee's work experience, as follows:

- (1) Youth Counselor Technicians shall be paid under the Correctional Officer I salary schedule, as established in subsection (b) of this section.
- (2) Youth Services Behavioral Specialists shall be paid under the Correctional Officer II salary schedule, as established in subsection (b) of this section.
- (3) Youth Counselors shall be paid under the Correctional Officer III salary schedule, as established in subsection (b) of this section.

SECTION 4.16.(b) Effective July 1, 2025, the following annual salary schedule will apply for the 2025-2027 fiscal biennium under subsections (a) and (a1) of this section:

Experience	COI	COII	COIII
0	40,281	41,606	44,496
1	43,099	44,518	47,612
2	45,687	47,236	50,470
3	47,971	49,549	52,993
4	49,888	51,531	55,112
5	51,386	53,076	56,765
6+	52,414	54,138	57,901

SECTION 4.16.(c) If an employee will not receive a salary increase under this section because the employee's salary exceeds the scheduled salary level, then the employee shall receive an annual salary increase equal to the amount of the across-the-board legislative salary increase authorized in this Part.

STATE HIGHWAY PATROL SALARY SCHEDULE

SECTION 4.17.(a) Effective July 1, 2025, law enforcement officers of the State Highway Patrol compensated pursuant to an experience-based salary schedule shall be compensated based on the officer's respective work experience pursuant to the salary schedule in subsection (b) of this section.

SECTION 4.17.(b) Effective July 1, 2025, the following annual salary schedule applies under subsection (a) of this section for the 2025-2027 fiscal biennium:

Years of Experience	FY 2025-27
0	\$57,602
1	61,346
2	65,333
3	69,579
4	74,102
5	78,918
6+	84,048

SECTION 4.17.(c) If an employee will not receive a salary increase under this section because the employee's salary exceeds the scheduled salary level, then the employee shall receive an annual salary increase equal to the amount of the across-the-board legislative salary increase authorized in this Part.

STATE LAW ENFORCEMENT OFFICER SALARY SCHEDULE/INCREASES

SECTION 4.18.(a) Effective July 1, 2025, law enforcement officers of the State Bureau of Investigation and Alcohol Law Enforcement shall be compensated pursuant to an experience-based salary schedule and shall be compensated based on the officer's respective work experience pursuant to the salary schedule in subsection (b) of this section.

SECTION 4.18.(b) Effective July 1, 2025, the following annual salary schedule applies for the 2025-2027 fiscal biennium under subsection (a) of this section:

Years of Experience	FY 2025-27
0	\$55,878
1	59,511
2	63,379
3	67,499
4	71,887
5	76,560
6+	81,537

SECTION 4.18.(c) If an employee will not receive a salary increase under this section because the employee's salary exceeds the scheduled salary level, then the employee shall receive an annual salary increase equal to the amount of the across-the-board legislative salary increase authorized in this Part.

PROBATION AND PAROLE OFFICERS/JUVENILE COURT COUNSELORS – SALARY SCHEDULE

SECTION 4.19.(a) Effective July 1, 2025, probation and parole officers shall be compensated pursuant to the experience-based salary schedule based on the officer's respective work experience, as established in subsection (b) of this section.

SECTION 4.19.(a1) Effective July 1, 2025, State employees serving in the Department of Public Safety, Division of Juvenile Justice and Delinquency Prevention, as Juvenile Court Counselors shall be compensated under the probation and parole officer salary schedule, as established in subsection (b) of this section.

SECTION 4.19.(b) Effective July 1, 2025, the following annual salary schedule applies for the 2025-2027 fiscal biennium under subsections (a) and (a1) of this section:

Years of Experience	FY 2025-27
0	\$48,633
1	51,794
2	55,162
3	58,747
4	62,566
5	66,633
6+	70,964

SECTION 4.19.(c) If an employee will not receive a salary increase under this section because the employee's salary exceeds the scheduled salary level, then the employee shall receive an annual salary increase equal to the amount of the across-the-board legislative salary increase authorized in this Part.

STATE AGENCY TEACHERS

SECTION 4.20. Effective July 1, 2025, employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, the Department of Adult Correction, the Governor Morehead School for the Blind, the Eastern North Carolina School for the Deaf, the North Carolina School for the Deaf, and the State Board of Education who are paid based on the Teacher Salary Schedule shall be paid as authorized under this act.

MOST STATE EMPLOYEES

SECTION 4.21. Effective July 1, 2025, unless otherwise expressly provided by this Part, the annual salaries in effect for the following persons on June 30, 2025, shall be legislatively increased as provided by this act:

- (1) Permanent, full-time State officials and persons whose salaries are set in accordance with the State Human Resources Act.
- (2) Permanent, full-time State officials and persons in positions exempt from the State Human Resources Act.
- (3) Permanent, part-time State employees.
- (4) Temporary and permanent hourly State employees.

ALL STATE-SUPPORTED PERSONNEL

SECTION 4.22.(a) The legislative salary increases authorized by this act shall be paid effective on July 1, 2025, and do not apply to persons separated from service due to resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to June 30, 2025.

SECTION 4.22.(b) The Director of the Budget is granted flexibility to administer the compensation increases enacted by this act. The State employer contribution rates enacted by this act for retirement and related benefits may be deemed by the Director of the Budget for administrative purposes to become effective after July 1 to provide flexibility in the collection and reconciliation of salary-related contributions as required by law, provided the estimated amount contributed to any affected employee benefit trust equals the amount that would have been contributed to the employee benefit trust if the enacted employer contribution rates had been effective on July 1.

1 **SECTION 4.22.(c)** This section applies to all employees paid from State funds,
2 whether or not subject to or exempt from the North Carolina Human Resources Act, including
3 employees of public schools, community colleges, and The University of North Carolina.
4

5 **USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED INCREASES**

6 **SECTION 4.23.(a)** The Office of State Budget and Management shall ensure that
7 the appropriations made by this act for legislatively mandated salary increases and employee
8 benefits are used only for those purposes.

9 **SECTION 4.23.(b)** If the Director of the Budget determines that funds appropriated
10 to a State agency for legislatively mandated salary increases and employee benefits exceed the
11 amount required by that agency for those purposes, the Director may reallocate those funds to
12 other State agencies that received insufficient funds for legislatively mandated salary increases
13 and employee benefits.

14 **SECTION 4.23.(c)** Funds appropriated for legislatively mandated salary and
15 employee benefit increases may not be used to adjust the budgeted salaries of vacant positions,
16 to provide salary increases in excess of those required by the General Assembly, or to increase
17 the budgeted salary of filled positions to the minimum of the position's respective salary range.

18 **SECTION 4.23.(d)** Any funds appropriated for legislatively mandated salary and
19 employee benefit increases in excess of the amounts required to implement the increases shall be
20 credited to the Pay Plan Reserve.

21 **SECTION 4.23.(e)** No later than May 1, 2026, the Office of State Budget and
22 Management shall report to the Fiscal Research Division on the expenditure of funds for
23 legislatively mandated salary increases and employee benefits. This report shall include at least
24 the following information for each State agency:

- 25 (1) The total amount of funds that the agency received for legislatively mandated
26 salary increases and employee benefits.
 - 27 (2) The total amount of funds transferred from the agency to other State agencies
28 pursuant to subsection (b) of this section. This section of the report shall
29 identify the amounts transferred to each recipient State agency.
 - 30 (3) The total amount of funds used by the agency for legislatively mandated salary
31 increases and employee benefits.
 - 32 (4) The amount of funds credited to the Pay Plan Reserve.
- 33

34 **ONE-TIME, COST-OF-LIVING SUPPLEMENT PAYMENT FOR RETIREES OF THE**
35 **TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE**
36 **CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE**
37 **RETIREMENT SYSTEM**

38 **SECTION 4.24.(a)** G.S. 135-5 is amended by adding the following new subsection
39 to read:

40 "(aaaa) After September 1, 2025, but on or before October 31, 2025, a one-time,
41 cost-of-living supplement payment shall be made to, or on account of, beneficiaries who are
42 living as of September 1, 2025, and whose retirement commenced on or before September 1,
43 2025. The payment shall be one percent (1%) of the beneficiary's annual retirement allowance
44 payable as of September 1, 2025, and shall not be prorated for date of retirement commencement.
45 If the beneficiary dies before the payment is made, then the payment shall be payable to the
46 member's legal representative. No beneficiary shall have a vested right to any future
47 supplemental payments under this Article."

48 **SECTION 4.24.(b)** G.S. 135-65 is amended by adding the following new subsection
49 to read:

50 "(ll) After September 1, 2025, but on or before October 31, 2025, a one-time,
51 cost-of-living supplement payment shall be made to, or on account of, beneficiaries who are

1 living as of September 1, 2025, and whose retirement commenced on or before September 1,
2 2025. The payment shall be one percent (1%) of the beneficiary's annual retirement allowance
3 payable as of September 1, 2025, and shall not be prorated for date of retirement commencement.
4 If the beneficiary dies before the payment is made, then the payment shall be payable to the
5 member's legal representative. No beneficiary shall have a vested right to any future
6 supplemental payments under this Article."

7 **SECTION 4.24.(c)** G.S. 120-4.22A is amended by adding the following new
8 subsection to read:

9 "(ff) In accordance with subsection (a) of this section, after September 1, 2025, but on or
10 before October 31, 2025, a one-time, cost-of-living supplement payment shall be made to, or on
11 account of, beneficiaries who are living as of September 1, 2025, and whose retirement
12 commenced on or before September 1, 2025. The payment shall be one percent (1%) of the
13 beneficiary's annual retirement allowance payable as of September 1, 2025, and shall not be
14 prorated for date of retirement commencement. If the beneficiary dies before the payment is
15 made, then the payment shall be payable to the member's legal representative. No beneficiary
16 shall have a vested right to any future supplemental payments under this Article."

17 **SECTION 4.24.(d)** There is appropriated from the General Fund to the Retiree
18 Supplement Reserve in the Office of State Budget and Management the sum of forty-one million
19 thirty-eight thousand seven hundred eighty-three dollars (\$41,038,783) in nonrecurring funds for
20 the 2025-2026 fiscal year to be distributed accordingly to implement this section.

21 **PART V. MISCELLANEOUS**

22 **STATE BUDGET ACT APPLICABILITY**

23
24 **SECTION 5.1.** If any provision of this act and G.S. 143C-5-4 are in conflict, the
25 provisions of this act shall prevail. The appropriations and the authorizations to allocate and
26 spend funds which are set out in this act shall remain in effect until the Current Operations
27 Appropriations Act for the applicable fiscal year becomes law, at which time that act shall
28 become effective and shall govern appropriations and expenditures. When the Current
29 Operations Appropriations Act for that fiscal year becomes law, the Director of the Budget shall
30 adjust allotments to give effect to that act from July 1 of the fiscal year.

31 **EFFECTIVE DATE**

32
33 **SECTION 5.2.** Except as otherwise provided, this act becomes effective July 1,
34 2025.
35