HOUSE BILL 259
Committee Substitute Favorable 4/3/23
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Short Title: 2023 Appropriations Act. (Public)

Sponsors:

Referred to:

March 6, 2023

A BILL TO BE ENTITLED

AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS OF STATE AGENCIES, DEPARTMENTS, AND INSTITUTIONS.

The General Assembly of North Carolina enacts:

PART I. TITLE AND INTRODUCTION

TITLE OF ACT

SECTION 1.1. This act shall be known as the "Current Operations Appropriations Act of 2023."

INTRODUCTION

SECTION 1.2. The appropriations made in this act are for maximum amounts necessary to provide the services and accomplish the purposes described in the budget in accordance with the State Budget Act. Savings shall be effected where the total amounts appropriated are not required to perform these services and accomplish these purposes, and the savings shall revert to the appropriate fund at the end of each fiscal year, except as otherwise provided by law.

PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

GENERAL FUND APPROPRIATIONS

SECTION 2.1.(a) Appropriations from the General Fund for the budgets of the State departments, institutions, and agencies, and for other purposes as enumerated, are made for each year of the 2023-2025 fiscal biennium, according to the following schedule:

Current Operations - General Fund	**FY 2023-2024**	**FY 2024-2025**
EDUCATION		
North Carolina Community College System		
Requirements	1,873,148,355	1,913,818,332
Less: Receipts	416,344,761	394,844,761
Net Appropriation	**1,456,803,594**	**1,518,973,571**
Department of Public Instruction		

Requirements	13,659,993,938	14,125,336,859
Less: Receipts	1,917,598,621	1,850,898,621
Net Appropriation	**11,742,395,317**	**12,274,438,238**
THE UNIVERSITY OF NORTH CAROLINA		
East Carolina Univ. - Academic Affairs		
Requirements	431,788,788	431,792,843
Less: Receipts	167,185,795	167,185,795
Net Appropriation	**264,602,993**	**264,607,048**
East Carolina Univ. - Health Affairs		
Requirements	111,910,728	113,341,160
Less: Receipts	16,087,770	13,587,770
Net Appropriation	**95,822,958**	**99,753,390**
Elizabeth City State University		
Requirements	49,820,539	49,820,539
Less: Receipts	3,660,169	3,660,169
Net Appropriation	**46,160,370**	**46,160,370**
Fayetteville State University		
Requirements	90,646,751	90,646,751
Less: Receipts	11,935,205	11,935,205
Net Appropriation	**78,711,546**	**78,711,546**
Appalachian State University		
Requirements	310,481,401	310,056,401
Less: Receipts	121,862,419	121,862,419
Net Appropriation	**188,618,982**	**188,193,982**
NC A&T University		
Requirements	225,598,043	225,398,043
Less: Receipts	87,678,145	87,678,145
Net Appropriation	**137,919,898**	**137,719,898**
NC School of Science and Mathematics		
Requirements	45,331,072	45,331,072
Less: Receipts	3,291,677	3,291,677
Net Appropriation	**42,039,395**	**42,039,395**
NC State University - Academic Affairs		
Requirements	955,204,072	954,804,072
Less: Receipts	438,387,357	438,387,357
Net Appropriation	**516,816,715**	**516,416,715**
NC State University - Ag. Research		
Requirements	78,078,032	78,078,032
Less: Receipts	19,124,784	19,124,784
Net Appropriation	**58,953,248**	**58,953,248**
NC State University - Coop. Extension		

Requirements	64,983,558	64,983,558
Less: Receipts	20,874,550	20,874,550
Net Appropriation	**44,109,008**	**44,109,008**
North Carolina Central University		
Requirements	143,469,077	143,469,077
Less: Receipts	51,845,844	51,845,844
Net Appropriation	**91,623,233**	**91,623,233**
UNC at Asheville		
Requirements	72,301,113	72,301,113
Less: Receipts	21,876,242	21,876,242
Net Appropriation	**50,424,871**	**50,424,871**
UNC at Chapel Hill - Academic Affairs		
Requirements	702,503,122	702,503,122
Less: Receipts	371,129,533	371,129,533
Net Appropriation	**331,373,589**	**331,373,589**
UNC at Chapel Hill - Area Health Ed.		
Requirements	56,271,874	56,271,874
Less: Receipts	0	0
Net Appropriation	**56,271,874**	**56,271,874**
UNC at Chapel Hill - Health Affairs		
Requirements	370,568,724	369,568,724
Less: Receipts	138,758,876	138,758,876
Net Appropriation	**231,809,848**	**230,809,848**
UNC at Charlotte		
Requirements	485,592,624	485,592,624
Less: Receipts	178,652,793	178,652,793
Net Appropriation	**306,939,831**	**306,939,831**
UNC at Greensboro		
Requirements	313,725,257	306,725,257
Less: Receipts	105,192,973	105,192,973
Net Appropriation	**208,532,284**	**201,532,284**
UNC at Pembroke		
Requirements	121,844,011	121,844,011
Less: Receipts	23,662,155	23,662,155
Net Appropriation	**98,181,856**	**98,181,856**
UNC at Wilmington		
Requirements	305,131,547	305,131,547
Less: Receipts	114,684,281	114,684,281
Net Appropriation	**190,447,266**	**190,447,266**
UNC BOG - Aid to Private Institutions		
Requirements	12,209,300	11,209,300

Less: Receipts	11,000,000	10,000,000
Net Appropriation	**1,209,300**	**1,209,300**
UNC BOG - Institutional Programs		
Requirements	333,238,092	474,940,941
Less: Receipts	38,250,000	31,250,000
Net Appropriation	**294,988,092**	**443,690,941**
UNC BOG - Related Ed. Programs		
Requirements	632,916,596	660,977,779
Less: Receipts	151,187,939	136,187,939
Net Appropriation	**481,728,657**	**524,789,840**
UNC School of the Arts		
Requirements	56,488,236	56,488,236
Less: Receipts	17,148,612	17,148,612
Net Appropriation	**39,339,624**	**39,339,624**
UNC System Office		
Requirements	47,640,384	47,640,384
Less: Receipts	259,217	259,217
Net Appropriation	**47,381,167**	**47,381,167**
Western Carolina University		
Requirements	184,596,722	182,069,946
Less: Receipts	32,007,260	29,507,260
Net Appropriation	**152,589,462**	**152,562,686**
Winston-Salem State University		
Requirements	91,945,473	91,945,473
Less: Receipts	22,435,103	22,435,103
Net Appropriation	**69,510,370**	**69,510,370**
HEALTH AND HUMAN SERVICES		
Aging and Adult Services		
Requirements	163,272,079	163,412,080
Less: Receipts	110,397,320	110,397,320
Net Appropriation	**52,874,759**	**53,014,760**
Central Management and Support		
Requirements	423,105,724	420,683,541
Less: Receipts	214,176,544	213,473,068
Net Appropriation	**208,929,180**	**207,210,473**
Child and Family Well-Being		
Requirements	594,140,122	593,336,963
Less: Receipts	532,996,692	532,996,692
Net Appropriation	**61,143,430**	**60,340,271**
Child Development and Early Education		
Requirements	894,347,796	919,437,976

Less: Receipts	637,948,539	638,948,539
Net Appropriation	**256,399,257**	**280,489,437**
Health Benefits		
Requirements	29,906,768,567	31,478,696,453
Less: Receipts	24,492,624,094	25,840,644,328
Net Appropriation	**5,414,144,473**	**5,638,052,125**
Health Services Regulation		
Requirements	81,026,827	82,046,523
Less: Receipts	56,524,931	56,524,931
Net Appropriation	**24,501,896**	**25,521,592**
Mental Hlth/Dev. Disabl./Subs. Abuse Serv.		
Requirements	1,793,919,254	1,760,704,145
Less: Receipts	953,746,809	913,966,605
Net Appropriation	**840,172,445**	**846,737,540**
Public Health		
Requirements	499,056,455	505,425,396
Less: Receipts	350,818,104	350,843,111
Net Appropriation	**148,238,351**	**154,582,285**
Services for the Blind/Deaf/Hard of Hearing		
Requirements	45,592,140	45,776,604
Less: Receipts	36,258,407	36,261,833
Net Appropriation	**9,333,733**	**9,514,771**
Social Services		
Requirements	2,148,348,344	2,153,745,092
Less: Receipts	1,925,547,715	1,925,481,577
Net Appropriation	**222,800,629**	**228,263,515**
Vocational Rehabilitation Services		
Requirements	185,086,972	184,575,021
Less: Receipts	141,566,889	140,253,360
Net Appropriation	**43,520,083**	**44,321,661**
AGRICULTURE, NATURAL, AND ECONOMIC RESOURCES		
Agriculture and Consumer Services		
Requirements	273,812,668	271,843,083
Less: Receipts	101,050,056	101,050,056
Net Appropriation	**172,762,612**	**170,793,027**
Commerce		
Requirements	526,021,028	527,827,239
Less: Receipts	306,283,455	330,143,455
Net Appropriation	**219,737,573**	**197,683,784**
Environmental Quality		
Requirements	302,241,793	293,428,856

Less: Receipts	194,077,800	184,088,097
Net Appropriation	**108,163,993**	**109,340,759**
Labor		
Requirements	43,587,229	44,481,484
Less: Receipts	18,112,941	18,112,941
Net Appropriation	**25,474,288**	**26,368,543**
Natural and Cultural Resources		
Requirements	378,891,315	328,801,494
Less: Receipts	54,842,950	54,842,950
Net Appropriation	**324,048,365**	**273,958,544**
Wildlife Resources Commission		
Requirements	109,831,420	96,923,250
Less: Receipts	91,816,959	81,855,762
Net Appropriation	**18,014,461**	**15,067,488**
JUSTICE AND PUBLIC SAFETY		
Indigent Defense Services		
Requirements	162,402,632	166,405,931
Less: Receipts	13,962,679	13,962,679
Net Appropriation	**148,439,953**	**152,443,252**
Department of Public Safety		
Requirements	931,228,020	939,033,859
Less: Receipts	264,387,023	258,058,598
Net Appropriation	**666,840,997**	**680,975,261**
Department of Adult Correction		
Requirements	2,024,610,308	2,086,581,552
Less: Receipts	26,612,230	26,612,230
Net Appropriation	**1,997,998,078**	**2,059,969,322**
Administrative Office of the Courts		
Requirements	745,800,518	777,720,355
Less: Receipts	1,740,166	1,440,166
Net Appropriation	**744,060,352**	**776,280,189**
Department of Justice		
Requirements	110,791,800	112,457,293
Less: Receipts	45,147,562	45,147,562
Net Appropriation	**65,644,238**	**67,309,731**
GENERAL GOVERNMENT		
Administration		
Requirements	75,079,178	76,484,070
Less: Receipts	11,636,055	11,636,055
Net Appropriation	**63,443,123**	**64,848,015**
Administrative Hearings		

Requirements	9,338,519	9,398,421
Less: Receipts	1,216,625	1,216,625
Net Appropriation	**8,121,894**	**8,181,796**
Auditor		
Requirements	25,627,711	26,247,019
Less: Receipts	6,899,163	6,899,163
Net Appropriation	**18,728,548**	**19,347,856**
Budget and Management		
Requirements	14,717,001	15,063,843
Less: Receipts	1,036,517	1,036,517
Net Appropriation	**13,680,484**	**14,027,326**
Budget and Management - Special Approp.		
Requirements	105,700,000	31,150,000
Less: Receipts	64,300,000	20,600,000
Net Appropriation	**41,400,000**	**10,550,000**
Controller		
Requirements	34,985,281	35,915,783
Less: Receipts	875,957	875,957
Net Appropriation	**34,109,324**	**35,039,826**
Elections		
Requirements	18,828,040	10,022,800
Less: Receipts	5,702,000	102,000
Net Appropriation	**13,126,040**	**9,920,800**
General Assembly		
Requirements	90,619,374	93,836,314
Less: Receipts	561,000	561,000
Net Appropriation	**90,058,374**	**93,275,314**
Governor		
Requirements	7,230,722	7,445,301
Less: Receipts	1,000,730	1,000,730
Net Appropriation	**6,229,992**	**6,444,571**
Housing Finance Agency		
Requirements	45,660,000	45,660,000
Less: Receipts	35,000,000	35,000,000
Net Appropriation	**10,660,000**	**10,660,000**
Human Resources		
Requirements	10,765,800	11,084,622
Less: Receipts	100,888	100,888
Net Appropriation	**10,664,912**	**10,983,734**
Industrial Commission		
Requirements	24,568,466	25,101,419

Less: Receipts	12,889,395	13,128,395
Net Appropriation	**11,679,071**	**11,973,024**
Insurance		
Requirements	56,972,029	58,718,919
Less: Receipts	5,140,347	5,140,347
Net Appropriation	**51,831,682**	**53,578,572**
Lieutenant Governor		
Requirements	1,288,938	1,351,383
Less: Receipts	0	0
Net Appropriation	**1,288,938**	**1,351,383**
Military and Veterans Affairs		
Requirements	10,069,847	10,359,561
Less: Receipts	0	0
Net Appropriation	**10,069,847**	**10,359,561**
Revenue		
Requirements	188,679,869	190,954,952
Less: Receipts	68,502,082	67,432,082
Net Appropriation	**120,177,787**	**123,522,870**
Secretary of State		
Requirements	19,450,243	20,115,685
Less: Receipts	330,036	330,036
Net Appropriation	**19,120,207**	**19,785,649**
Treasurer		
Requirements	59,160,655	59,235,396
Less: Receipts	53,819,364	53,836,706
Net Appropriation	**5,341,291**	**5,398,690**
Treasurer - Other Retirement Plans/Benefits		
Requirements	23,523,708	23,223,708
Less: Receipts	0	0
Net Appropriation	**23,523,708**	**23,223,708**
INFORMATION TECHNOLOGY		
Department of Information Technology		
Requirements	101,864,010	95,662,780
Less: Receipts	27,472,580	20,472,580
Net Appropriation	**74,391,430**	**75,190,200**
RESERVES, DEBT, AND OTHER BUDGETS		
General Fund Reserve - Reverting Funds		
Requirements	61,064,163	110,584,069
Less: Receipts	0	0
Net Appropriation	**61,064,163**	**110,584,069**
Total Requirements	**65,156,503,994**	**67,403,047,305**

Less: Total Receipts	**35,369,244,685**	**36,500,397,022**
Total Net Appropriation	**29,787,259,309**	**30,902,650,283**

SECTION 2.1.(b) For purposes of this act and the Committee Report described in Section 43.2 of this act, the requirements set forth in this section represent the total amount of funds, including agency receipts, appropriated to an agency, department, or institution.

GENERAL FUND AVAILABILITY

SECTION 2.2.(a) The General Fund availability derived from State tax revenue, nontax revenue, and other adjustments used in developing the budget for each year of the 2023-2025 fiscal biennium is as follows:

	FY 2023-2024	**FY 2024-2025**
Unappropriated Balance Remaining FY 2022-23	**818,331,123**	**2,640,759,732**
Anticipated Reversions	500,000,000	300,000,000
FY 2022-23 Anticipated Over Collections	3,250,300,000	-
H.B. 2: 2022 Budget Technical Corrections	(26,207,523)	-
Total, Prior Year-End Fund Balance	**4,542,423,600**	**2,940,759,732**
Consensus Revenue Forecast		
Tax Revenue	31,946,900,000	32,172,800,000
Non-Tax Revenue	1,759,500,000	1,475,500,000
Total, Tax and Non-Tax Revenue	**33,706,400,000**	**33,648,300,000**
Revenue Adjustments		
Adjustments to Tax Revenue	(200,975,000)	(206,850,000)
Adjustments to Non-Tax Revenue	2,762,941	4,556,230
Total, Revenue Adjustments	**(198,212,059)**	**(202,293,770)**
Statutorily Required Reservations of Revenue		
Unfunded Liability Solvency Reserve	-	(33,003,750)
State Capital and Infrastructure Fund (SCIF)	(1,412,592,500)	(1,461,333,238)
Subtotal, Statutorily Required Reservations of Revenue	**(1,412,592,500)**	**(1,494,336,988)**
Reserves		
Clean Water and Drinking Water Reserve	(1,000,000,000)	(1,000,000,000)
Regional Economic Development Reserve	(550,000,000)	(550,000,000)
State Emergency and Disaster Response Fund	(50,000,000)	(50,000,000)
Economic Development Project Reserve	(200,000,000)	(200,000,000)
Housing Reserve	(100,000,000)	(100,000,000)
Transportation Reserve	(500,000,000)	(500,000,000)
Medicaid Contingency Reserve	(400,000,000)	-
Retiree Benefit Enhancements Reserve	(610,000,000)	(610,000,000)
Additional Transfer to SCIF	(800,000,000)	(500,000,000)
NC Innovation Reserve	-	(50,000,000)
Subtotal, Reserves	**(4,210,000,000)**	**(3,560,000,000)**
Revised Total General Fund Availability	**32,428,019,041**	**31,332,428,974**
Less General Fund Net Appropriations	29,787,259,309	30,902,650,283

Unappropriated Balance Remaining	**2,640,759,732**	**429,778,691**

SECTION 2.2.(b) In addition to the amount required under G.S. 143C-4-3.1, the State Controller shall transfer to the State Capital and Infrastructure Fund established under G.S. 143C-4-3.1 the sum of eight hundred million dollars ($800,000,000) in the 2023-2024 fiscal year and five hundred million dollars ($500,000,000) in the 2024-2025 fiscal year.

SECTION 2.2.(c) The State Controller shall reserve to the Medicaid Contingency Reserve described in G.S. 143C-4-11 from funds available in the General Fund the sum of four hundred million dollars ($400,000,000) in nonrecurring funds for the 2023-2024 fiscal year.

SECTION 2.2.(d) The State Controller shall transfer funds available in the Information Technology Reserve to State agencies and departments for information technology projects in accordance with the following schedule, and the funds transferred are appropriated for the fiscal year in which they are transferred:

	State Agency or Department	**2023-2024**	**2024-2025**
(1)	University of North Carolina (Budget Code: 16012)	$15,000,000	$0
(2)	Department of Health and Human Services (Budget Code: 14440)	1,578,905	1,578,905
(3)	Department of Environmental Quality (Budget Code: 14300)	6,000,000	3,500,000
(4)	Department of Public Safety (Budget Code: 14550)	3,000,000	0
(5)	General Assembly (Budget Code: 21000)	15,000,000	0
(6)	Department of Information Technology (Budget Code: 14660)	3,800,000	3,800,000
(7)	Board of Elections (Budget Code: 18025)	5,600,000	0

SECTION 2.2.(e) The State Controller shall reserve to the State Emergency Response and Disaster Relief Fund established in G.S. 166A-19.42 from funds available in the General Fund the sum of fifty million dollars ($50,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of fifty million dollars ($50,000,000) in nonrecurring funds for the 2024-2025 fiscal year. The State Controller shall transfer funds available in the State Emergency Response and Disaster Relief Fund to State agencies and departments in accordance with the following schedule, and the funds transferred are appropriated for the fiscal year in which they are transferred:

	State Agency or Department	**2023-2024**	**2024-2025**
(1)	Emergency Management (Budget Code: 24552)	$25,000,000	$0
(2)	DACS–Soil & Water Conservation (Budget Code: 23704)	20,000,000	0
(3)	Department of Environmental Quality-Disaster (Budget Code: 24310)	10,987,906	987,906
(4)	Wildlife Resources Commission (Budget Code: 14350)	10,000,000	0
(5)	Department of Environmental Quality		

	(Budget Code: 14300)	7,500,000	0
(6)	Office of State Budget and Management-Special Appropriations (Budget Code: 13085)	2,000,000	0

SECTION 2.2.(f) There is established in the General Fund a Retiree Benefit Enhancements Reserve. The State Controller shall reserve to the Retiree Benefit Enhancements Reserve from funds available in the General Fund the sum of six hundred ten million dollars ($610,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of six hundred ten million dollars ($610,000,000) in nonrecurring funds for the 2024-2025 fiscal year. The State Controller shall transfer to the Department of State Treasurer the funds needed to provide the cost of living adjustment as provided in Section 39.27 of this act, and the funds transferred are appropriated for the fiscal year in which they are transferred.

SECTION 2.2.(g) The State Controller shall reserve to the Clean Water and Drinking Water Reserve established in Section 2.2(p) of S.L. 2022-74 from funds available in the General Fund the sum of one billion dollars ($1,000,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of one billion dollars ($1,000,000,000) in nonrecurring funds for the 2024-2025 fiscal year. The State Controller shall transfer to the Department of Environmental Quality the funds reserved in this section in accordance with this act, and the funds transferred are appropriated for the fiscal year in which they are transferred.

SECTION 2.2.(h) The State Controller shall reserve to the Economic Development Project Reserve established in Section 2.2 of S.L. 2021-180 from funds available in the General Fund the sum of two hundred million dollars ($200,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of two hundred million dollars ($200,000,000) in nonrecurring funds for the 2024-2025 fiscal year. The State Controller shall transfer funds available in the Economic Development Project Reserve to the Department of Commerce (Budget Code 14600) in the amount of two hundred million dollars ($200,000,000) for the 2023-2024 fiscal year. Of the funds transferred for the 2023-2024 fiscal year, one hundred fifty million dollars ($150,000,000) shall be allocated to the North Carolina Megasite Fund established in Section 11.11.(b) of S.L. 2022-74, to be used for purposes consistent with that section, and fifty million dollars ($50,000,000) shall be allocated to the North Carolina Selectsite Fund established in Section 11.12 of this act, for purposes consistent with that section. Of the funds transferred for the 2024-2025 fiscal year, one hundred fifty million dollars ($150,000,000) shall be allocated to the North Carolina Megasite Fund established in Section 11.11.(b) of S.L. 2022-74, to be used for purposes consistent with that section, and fifty million dollars ($50,000,000) shall be allocated to the North Carolina Selectsite Fund established in Section 11.12 of this act, for purposes consistent that section. The funds transferred pursuant to this subsection are appropriated for the fiscal year in which they are transferred.

SECTION 2.2.(i) The State Controller shall reserve to the Housing Reserve established in Section 2.2(k) of S.L. 2022-74 from funds available in the General Fund the sum of one hundred million dollars ($100,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of one hundred million dollars ($100,000,000) in nonrecurring funds for the 2024-2025 fiscal year. The State Controller shall transfer funds available in the Housing Reserve to the Housing Finance Agency (Budget Code 13010) in the sum of thirty-five million dollars ($35,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of thirty-five million dollars ($35,000,000) in nonrecurring funds for the 2024-2025 fiscal year. Funds transferred pursuant to this subsection shall be used in the Workforce Housing Loan Program established in G.S. 122A-15.5, and the funds are appropriated for that purpose.

SECTION 2.2.(j) There is established in the General Fund a Transportation Reserve. The State Controller shall reserve to the Transportation Reserve from funds available in the General Fund the sum of five hundred million dollars ($500,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of five hundred million dollars ($500,000,000) in

nonrecurring funds for the 2024-2025 fiscal year. Funds transferred under this subsection are appropriated to the Department of Transportation (Budget Code: 84210) for the fiscal year in which they are transferred and shall be used in accordance with Part 41 of this act.

SECTION 2.2.(k) There is established in the General Fund an NCInnovation Reserve to make funds available to the Department of Commerce to allocate for the purposes set out in a plan to be developed as described in Section 11.9 of this act. The State Controller shall reserve to the NCInnovation Reserve from funds available in the General Fund the sum of fifty million dollars ($50,000,000) in nonrecurring funds for the 2024-2025 fiscal year. The State Controller shall transfer funds available in the NCInnovation Reserve to the Department of Commerce upon the Governor submitting to the General Assembly a determination that the plan required by Section 11.9 of this act complies with the requirements of that Section, and funds transferred under this subsection are appropriated for the fiscal year in which they are transferred.

SECTION 2.2.(*l*) Section 2.2(j) of S.L. 2022-74 reads as rewritten:

"**SECTION 2.2.(j)** There is established in the General Fund a World University Games Reserve to make funds available to support the State of North Carolina as a host of the ~~2027~~ 2029 World University Games upon an act of appropriation by the General Assembly. The State Controller shall reserve to the World University Games Reserve from funds available in the General Fund the sum of twenty-five million dollars ($25,000,000) in nonrecurring funds for the 2022-2023 fiscal year. Funds in the reserve that have not been appropriated by ~~June 30, 2026,~~June 30, 2029 shall revert to the General Fund and the World University Games Reserve shall be eliminated."

SECTION 2.2.(m) The State Controller shall transfer to the Department of Commerce the sum of four million dollars ($4,000,000) in each year of the 2023-2025 fiscal biennium from the World University Games Reserve, and the funds transferred are appropriated for the fiscal year in which they are transferred.

SECTION 2.2.(n) There is established in the General Fund a Regional Economic Development Reserve. The State Controller shall reserve to the Regional Economic Development Reserve from funds available in the General Fund the sum of five hundred fifty million dollars ($550,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of five hundred fifty million dollars ($550,000,000) in nonrecurring funds for the 2024-2025 fiscal year.

SECTION 2.2.(o) The State Controller shall transfer funds from the Stabilization and Inflation Reserve established in Section 2.2(q) of S.L. 2022-74 to the State Capital and Infrastructure Fund the sum of seven hundred fifty million dollars ($750,000,000) in nonrecurring funds for the 2023-2024 fiscal year.

SECTION 2.2.(p) The State Controller shall transfer funds available in the Federal Infrastructure Match Reserve to agencies and departments as needed to draw down federal funds in accordance with the following schedule, and the funds transferred are appropriated for the fiscal year in which the funds are transferred:

	State Agency or Department	**2023-2024**	**2024-2025**
(1)	DEQ – (Budget Code: 24300)	$1,388,921	$1,388,921
(2)	DEQ – (Budget Code: 64311)	3,975,123	8,675,950
(3)	DEQ – (Budget Code: 64320)	6,605,875	14,417,727

SECTION 2.2.(q) In accordance with G.S. 143C-4-2(i), the State Controller shall reserve to the Unfunded Liability Solvency Reserve the sum of thirty-three million three

thousand seven hundred fifty dollars ($33,003,750) in nonrecurring funds for the 2024-2025 fiscal year.

SECTION 2.2.(r) The State Controller shall transfer the sum of one hundred million dollars ($100,000,000) for the 2023-2024 fiscal year and the sum of fifty-five million six hundred forty-two thousand one hundred seventy dollars ($55,642,170) for the 2024-2025 fiscal year from funds available in the Medicaid Transformation Reserve in the General Fund to the Medicaid Transformation Fund, established under Section 12H.29 of S.L. 2015-241.

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

PART III. HIGHWAY FUND AND HIGHWAY TRUST FUND

CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

SECTION 3.1. Appropriations from the State Highway Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are made for the fiscal biennium ending June 30, 2025, according to the following schedule:

Highway Fund	**FY 2023-24**	**FY 2024-25**
Administration	112,105,606	112,105,606
Division of Highways		
Administration	58,305,975	57,986,424
Construction	84,043,078	82,543,078
Maintenance	1,869,812,811	2,089,816,673
Governor's Highway Safety Program	324,111	324,111
OSHA	358,030	358,030
Aid to Municipalities	170,375,000	185,875,000
Intermodal Divisions		
Ferry	86,929,849	90,679,849
Public Transportation, Bicycle and Pedestrian	80,710,286	70,710,286
Aviation	185,373,306	180,473,306
Rail	55,299,938	55,299,938
Division of Motor Vehicles	175,796,364	176,121,896
Other State Agencies, Reserves, Transfers	55,199,827	76,687,940
Capital Improvements	29,819,819	10,571,863
Highway Fund Total	**$2,964,454,000**	**$3,189,554,000**

HIGHWAY FUND AVAILABILITY

SECTION 3.2. The Highway Fund availability used in developing the 2023-2025 fiscal biennial budget is shown below:

Highway Fund Availability	**FY 2023-24**	**FY 2024-25**
Beginning Balance	$0	$0
Motor Fuels Tax	1,805,200,000	1,827,700,000
Licenses and Fees	895,100,000	1,053,300,000
Short-Term Lease	116,700,000	121,500,000
Investment Income	40,700,000	35,700,000
Sales Tax Transfer	104,900,000	160,900,000
Adjustments to Availability		

Sales Tax Changes	(100,000)	(300,000)
Aviation Fuels Tax Changes	0	(11,200,000)
Title Fees – Transfer from Highway Trust Fund	1,954,000	1,954,000
Total Highway Fund Availability	**$2,964,454,000**	**$3,189,554,000**

HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 3.3. Appropriations from the State Highway Trust Fund for construction, for operations of the Department of Transportation, and for other purposes as enumerated are made for the fiscal biennium ending June 30, 2025, according to the following schedule:

Highway Trust Fund	**FY 2023-24**	**FY 2024-25**
Program Administration	142,017,311	242,017,311
Bond	121,439,825	121,436,775
Turnpike Authority	49,000,000	49,000,000
State Ports Authority	45,000,000	45,000,000
FHWA State Match	6,070,440	6,176,440
Strategic Prioritization Funding Plan for Transportation Investments	1,940,413,396	1,974,975,474
Transfer to Visitor Center	640,000	640,000
Highway Trust Fund Total	**$2,304,580,972**	**$2,439,246,000**

HIGHWAY TRUST FUND AVAILABILITY

SECTION 3.4. The Highway Trust Fund availability used in developing the 2023-2025 fiscal biennial budget is shown below:

Highway Trust Fund Availability	**FY 2023-24**	**FY 2024-25**
Beginning Balance (Unspent Advance Acquisition Hardship Funds)	$109,834,972	$0
Highway Use Tax	1,112,400,000	1,160,800,000
Motor Fuels Tax	598,900,000	602,500,000
Fees	142,100,000	170,900,000
Investment Income	28,900,000	25,300,000
Sales Tax Transfer	314,700,000	482,600,000
Adjustments to Availability		
Sales Tax Changes	(300,000)	(900,000)
Title Fees – Transfer to Highway Fund	(1,954,000)	(1,954,000)
Total Highway Trust Fund Availability	**$2,304,580,972**	**$2,439,246,000**

PART IV. OTHER AVAILABILITY AND APPROPRIATIONS

OTHER APPROPRIATIONS

SECTION 4.1.(a) State funds, as defined in G.S. 143C-1-1(d)(25), are appropriated for each year of the 2023-2025 fiscal biennium, as follows:

(1) All budget codes listed in the Governor's Recommended Base Budget for the 2023-2025 fiscal biennium, submitted pursuant to G.S. 143C-3-5, are appropriated up to the amounts specified, as adjusted by the General Assembly in this act and as delineated in the Committee Report described in Section 43.2 of this act, or in another act of the General Assembly.

(2) Agency receipts up to the amounts needed to implement the legislatively mandated salary increases and employee benefit increases provided in this act for each year of the 2023-2025 fiscal biennium.

SECTION 4.1.(b) Receipts collected in a fiscal year in excess of the amounts appropriated by this section shall remain unexpended and unencumbered until appropriated by the General Assembly, unless the expenditure of overrealized receipts in the fiscal year in which the receipts were collected is authorized by G.S. 143C-6-4. Overrealized receipts are appropriated in the amounts necessary to implement this subsection.

SECTION 4.1.(c) Funds may be expended only for the specified programs, purposes, objects, and line items or as otherwise authorized by the General Assembly.

OTHER RECEIPTS FROM PENDING AWARD GRANTS

SECTION 4.2.(a) Notwithstanding G.S. 143C-6-4, State agencies may, with approval of the Director of the Budget, spend funds received from grants awarded after the enactment of this act for grant awards that are for less than two million five hundred thousand dollars ($2,500,000), do not require State matching funds, and will not be used for a capital project. State agencies shall report to the Joint Legislative Commission on Governmental Operations, the chairs of the Senate Committee on Appropriations/Base Budget, the chairs of the House Appropriations Committee, and the Fiscal Research Division within 30 days of receipt of such funds.

State agencies may spend up to the greater of one percent (1%) or ten million dollars ($10,000,000) of the total amount of grants awarded after the enactment of this act to respond to an emergency, as defined in G.S. 166A-19.3, with the approval of the Director of the Budget. State agencies shall report to the Joint Legislative Commission on Governmental Operations, the chairs of the Senate Committee on Appropriations/Base Budget, the chairs of the House Appropriations Committee, and the Fiscal Research Division within 30 days of receipt of such funds, including specifying the total amount of grants awarded to respond to the emergency.

State agencies may spend all other funds from grants awarded after the enactment of this act only with approval of the Director of the Budget and after consultation with the Joint Legislative Commission on Governmental Operations.

SECTION 4.2.(b) The Office of State Budget and Management shall work with the recipient State agencies to budget grant awards according to the annual program needs and within the parameters of the respective granting entities. Depending on the nature of the award, additional State personnel may be employed on a time-limited basis. Funds received from such grants are hereby appropriated up to the applicable amount set forth in subsection (a) of this section and shall be incorporated into the authorized budget of the recipient State agency.

SECTION 4.2.(c) Notwithstanding the provisions of this section, no State agency may accept a grant not anticipated in this act if acceptance of the grant would obligate the State to make future expenditures relating to the program receiving the grant or would otherwise result in a financial obligation as a consequence of accepting the grant funds.

EDUCATION LOTTERY FUNDS/NEEDS-BASED PUBLIC SCHOOL CAPITAL FUND CHANGES

SECTION 4.3.(a) The allocations made from the Education Lottery Fund for the 2023-2025 fiscal biennium are as follows:

	FY 2023-2024	**FY 2024-2025**
Noninstructional Support Personnel	$431,914,455	$435,914,455
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	208,252,612	208,252,612
Public School Repair & Renovation	50,000,000	50,000,000

Scholarship Reserve Fund for Public Colleges and Universities	41,194,733	41,194,733
LEA Transportation	21,386,090	21,386,090
TOTAL ALLOCATION	**$931,000,000**	**$935,000,000**

SECTION 4.3.(b) Article 38B of Chapter 115C of the General Statutes reads as rewritten:

"Article 38B.

"Needs-Based Public School Capital Fund.

"**§ 115C-546.10. Fund created; purpose; prioritization.**

There is created the Needs-Based Public School Capital Fund as an interest-bearing, nonreverting special fund in the Department of Public Instruction. The State Treasurer shall be the custodian of the Needs-Based Public School Capital Fund and shall invest its assets in accordance with the provisions of G.S. 147-69.2 and G.S. 147-69.3. The Department of Public Instruction shall award grants from the Fund to counties to assist with their critical public school building capital needs in accordance with the following priorities:

(1) Counties designated as development tier one areas.
(2) Counties with greater need and less ability to generate sales tax and property tax revenue.
(3) Counties with a high debt-to-tax revenue ratio.
(4) The extent to which a project will address critical deficiencies in adequately serving the current and future student population.
(5) Projects with new construction or complete renovation of existing facilities.
(6) Projects that will consolidate two or more schools into one new facility.
(7) Counties that have not received a grant under this Article in the previous three years.

"**§ 115C-546.11. Matching requirement; use of funds; maximum awards; project review.**

(a) An eligible county awarded a grant under this Article shall provide local matching funds from county funds, other non-State funds, or a combination of these sources for the grant as provided in this section. An eligible county is a county with an adjusted market value of taxable real property of less than forty billion dollars ($40,000,000,000). The adjusted market value of taxable property in a county is equal to the county's assessed taxable real property value, using the latest available data published by the Department of Revenue, divided by the county's sales assessment ratio determined under G.S. 105-289(h). The amount of matching funds for a county awarded a grant shall be published annually by the Department of Public Instruction prior to any application period. The local match requirement applied to the project shall be based on the match requirement effective at the time of the grant award. The local match requirement is calculated as follows:

Adjusted Market Value of Taxable Real Property

Over	Up to	Percentage Match
$0	$2 billion	0%
$2 billion	$10 billion	5%
$10 billion	$20 billion	15%
$20 billion	$30 billion	25%
$30 billion	$40 billion	35%

(b) Grant funds shall be used only for the construction of new school buildings and additions, repairs, and renovations. Grant funds shall not be used for real property acquisition or for capital improvements to administrative buildings. Grant funds shall be disbursed in a series of payments based on the progress of the project. To obtain a payment, the grantee shall submit a request for payment along with documentation of the expenditures for which the payment is

requested and evidence that the matching requirement contained in subsection (a) of this section has been met. No portion of grant funds may be used to acquire a Leadership in Energy and Environmental Design (LEED) certification.

(c) Maximum grant award amounts shall be determined as follows:

(1) Up to ~~thirty~~ forty million dollars ~~($30,000,000)~~ ($40,000,000) for an elementary school.

(2) Up to ~~forty~~ fifty million dollars ~~($40,000,000)~~ ($50,000,000) for a middle school or a combination of an elementary and middle school.

(3) Up to ~~fifty~~ sixty million dollars ~~($50,000,000)~~ ($60,000,000) for a high school.

(d) The Department of Public Instruction shall review projected enrollment to evaluate the reasonableness of a project's size and scope. A county may include in a grant application a minimum grant amount that would enable the project to proceed. A grant application that proposes to consolidate two or more schools by (i) making additions or renovations at one or more school facilities and (ii) closing one or more existing school facilities may be submitted and considered by the Department of Public Instruction as a single project. Each application for a grant under this Article shall be evaluated independent of other grant applications submitted. A county may not apply for projects that exceed an aggregate amount greater than the maximum grant award amounts listed in subsection (c) of this section in any single year. The Department of Public Instruction shall not award a grant to an applicant at less than the requested amount or less than the maximum grant amounts listed in subsection (c) of this section for the purpose of reserving the amount of grant funds available for other grant applications. If a county declines or otherwise forfeits a grant awarded under this section, the Department shall not award additional grants to that county for 24 months from the date the grant award was declined or forfeited.

"**§ 115C-546.12. Grant agreement; requirements.**

(a) A county receiving grant funds pursuant to this Article shall enter into an agreement with the Department of Public Instruction detailing the use of grant funds. The agreement shall contain at least all of the following:

(1) A requirement that the grantee seek planning assistance and plan review from the School Planning Section of the Department of Public Instruction.

(2) A progress payment provision governing disbursements to the county for the duration of the school construction project based upon the construction progress and documentation satisfactory to the Department that the matching requirement in G.S. 115C-546.11 has been met.

(3) A provision requiring periodic reports to the Department of Public Instruction on the use of disbursed grant funds and the progress of the school construction project.

(4) A requirement that matching funds paid by the county pursuant to G.S. 115C-546.11 must be derived from non-State and nonfederal funds.

(5) A provision requiring repayment in full of awarded grant funds in the event of grant forfeiture.

(b) Project construction must be initiated within 18 months of the award of grant funds. The Superintendent of Public Instruction may grant an 18-month extension under extraordinary circumstances.

(c) A grant awarded under this section may be forfeited if any of the following occur:

(1) Project construction is not initiated on time.

(2) Project scope changes significantly from what was outlined in the grant agreement.

(3) Any statement or information provided in the grant application is later determined to be materially false.

(4) Local funding is subsequently decreased from the amount provided in the grant application.

"**§ 115C-546.13. Lease exception; requirements.**

(a) Notwithstanding any provision of this Article to the contrary, a county may utilize grant funds for a lease agreement if all of the following criteria are met:

(1) Ownership of the subject property on which the leased school is constructed shall be retained by the county.

(2) The lease agreement shall include a repairs and maintenance provision that requires the landlord to bear the entire expense of all repairs, maintenance, alterations, or improvements to the basic structure, fixtures, appurtenances, and grounds of the subject property for the term of the lease.

(3) The lease agreement shall be for a term of at least 15 years and no more than 25 years.

(4) In lieu of the progress payment requirement provided in G.S. 115C-546.11(b), a county that has entered into a lease agreement shall provide a copy of the lease agreement to the Department of Public Instruction and shall be periodically reimbursed upon submission of documentation satisfactory to the Department that the matching requirement of this section has been met.

(b) For the purposes of this section, the term "lease agreement" shall include any ancillary agreements or predevelopment agreements entered into in anticipation of or in accordance with a lease. A lease agreement entered into pursuant to this subsection shall be subject to the requirements of Article 8 of Chapter 159 of the General Statutes. In determining whether the lease agreement is necessary or expedient pursuant to G.S. 159-151(a)(1) and G.S. 159-151(b)(1), the Local Government Commission may consider any other relevant construction and financing methods available to the county.

"**§ 115C-546.14. Reporting.**

(a) On or before April 1 of each year, a grant recipient shall submit to the Department of Public Instruction an annual report for the preceding year that describes the progress of the project for which the grant was received. The grant recipient shall submit a final report to the Department of Public Instruction within three months of the completion of the project.

(b) On or before May 1 of each year, the Department of Public Instruction shall submit a report to the chairs of the Senate Appropriations Committee on Education/Higher Education, the chairs of the House Appropriations Committee on Education, and the Fiscal Research Division. The report shall contain at least all of the following information for the fiscal year:

(1) Number, description, and geographic distribution of projects awarded.

(2) Total cost of each project and amount supported by the Needs-Based Public School Capital Fund.

(3) Projections for local school administrative unit capital needs for the next 30 years based upon present conditions and estimated demographic changes.

(4) Any legislative recommendations for improving the Needs-Based Public School Capital Fund program."

SECTION 4.3.(c) The Department of Public Instruction may award additional grant funds for new construction, up to the maximum amounts provided in subsection (a) of this section, to a county that received an award for new construction under G.S. 115C-546.11(c) during the 2022-2023 fiscal year, provided that the county has not yet begun construction on the project. A county seeking additional funding pursuant to this subsection shall request additional funds from the Department in an amount not exceeding ten million dollars ($10,000,000) by June 30, 2024, and shall provide actual bids or other documentation of cost increases satisfactory to the Department based upon the original project scope outlined in the grant agreement to support the requested additional funding. The additional grant awards provided pursuant to this subsection shall be subject to the same local matching requirement applicable when the previous

grant was awarded. The Department may amend any existing agreements entered into with grant recipients from the initial grant award to accommodate the increased grant funding provided in this subsection. The Department may award additional grant funds under this subsection outside of the regular application process and timeline; provided, however, all additional grants funds shall be awarded no later than June 30, 2025.

SECTION 4.3.(d) No later than January 1, 2024, the Department of Public Instruction shall publish guidelines for the Needs-Based Public School Capital Fund program specifying the following:

(1) The extraordinary circumstances justifying an 18-month extension for the initiation of project construction.
(2) The criteria to determine if the project scope has changed significantly.
(3) The criteria to determine material falsehood in an application.
(4) The timeline for repayment of forfeited grant awards.

INDIAN GAMING EDUCATION REVENUE FUND APPROPRIATIONS

SECTION 4.4.(a) Notwithstanding G.S. 143C-9-7, there is allocated from the Indian Gaming Education Revenue Fund to the Department of Public Instruction, Textbooks, and Digital Resources Allotment, the sum of ten million dollars ($10,000,000) in the 2023-2024 fiscal year and the sum of ten million dollars ($10,000,000) in the 2024-2025 fiscal year.

SECTION 4.4.(b) Notwithstanding G.S. 143C-9-7, there is allocated from the Indian Gaming Education Revenue Fund to the State Public School Fund the sum of one million dollars ($1,000,000) in the 2023-2024 fiscal year and the sum of one million dollars ($1,000,000) in the 2024-2025 fiscal year to be used for teacher assistants.

CIVIL PENALTY AND FORFEITURE FUND

SECTION 4.5. Allocations are made from the Civil Penalty and Forfeiture Fund for the fiscal biennium ending June 30, 2025, as follows:

	FY 2023-2024	**FY 2024-2025**
School Technology Fund	$18,000,000	$18,000,000
Drivers Education	32,693,768	32,693,768
State Public School Fund	226,041,640	166,041,640
Total Appropriation	**$276,735,408**	**$216,735,408**

CORONAVIRUS CAPITAL PROJECTS FUND RESERVE TRANSFER ADJUSTMENT

SECTION 4.6. Section 4.12 of S.L. 2021-180 reads as rewritten:

"**SECTION 4.12.** The State Controller shall transfer the sum of ~~two hundred seventy-seven million sixty thousand eight hundred fifty-five dollars ($277,060,855)~~ two hundred seventy-three million five hundred eighty-three thousand one hundred seventy-nine dollars ($273,583,179) to align with the federal award letter received for the 2021-2022 fiscal year from the Coronavirus Capital Projects Reserve, established in Section 2.3 of S.L. 2021-25, to the Coronavirus Capital Projects Fund, established in Section 2.4 of S.L. 2021-25."

GENERAL PROVISIONS FOR AMERICAN RESCUE PLAN ACT OF 2021 FUNDING

SECTION 4.7.(a) Definitions. – The definitions in S.L. 2021-25 and the following definitions apply in this section:

(1) American Rescue Plan Act or ARPA. – The American Rescue Plan Act of 2021, as defined in S.L. 2021-25.
(2) ARPA Temporary Savings Fund. – As established in Section 1.3 of S.L. 2023-7
(3) State Fiscal Recovery Fund. – As established in Section 2.2 of S.L. 2021-25.

(4) State Fiscal Recovery Reserve. – As established in Section 2.1 of S.L. 2021-25.

SECTION 4.7.(b) Guidance. – OSBM shall work with the recipient State agencies to budget receipts awarded pursuant to ARPA to allow for the tracking of such funds through either separate accounts or fund codes according to the program needs and within the parameters of the respective granting entities and applicable federal laws and regulations. State agencies shall not use funds received pursuant to ARPA for recurring purposes. Depending on the nature of the award, additional State personnel may be employed on a temporary or time-limited basis.

SECTION 4.7.(c) Disbursement. – OSBM shall allocate State Fiscal Recovery Fund funds to State agencies and departments upon justification from the agency or department and only as needed to implement the provisions of this act. State Fiscal Recovery Fund funds shall be allocated to nonprofit organizations on a quarterly basis unless OSBM determines that cash flow or the nature of the program being funded requires otherwise.

SECTION 4.7.(d) Interest. – All interest earned on funds held in the State Fiscal Recovery Fund shall be transferred to the State Fiscal Recovery Reserve.

SECTION 4.7.(e) Administration. – For administrative expenses related to administration of a provision allocating ARPA funds in this act, a State agency may, of ARPA funds allocated to it under this act, use up to the lesser of (i) the amount allowed by federal law or guidance or (ii) ten percent (10%) of ARPA funds allocated to it under this act. When utilizing the authority set forth in this subsection, a State agency shall not reduce funds earmarked in this act, or the Committee Report described in Section 43.2 of this act, for a particular local government project or non-State entity project.

SECTION 4.7.(f) Accounting. – A State agency receiving State Fiscal Recovery Fund funds shall track such funds separately from other funds by use of either separate accounts or fund codes.

SECTION 4.7.(g) Reports. – In addition to any report required under this section or any other law, OSBM shall provide a quarterly report to the Senate Committee on Appropriations/Base Budget, the House Appropriations Committee, and the Fiscal Research Division, beginning October 15, 2023, detailing the use of State Fiscal Recovery Fund funds allocated under this act. The report required from OSBM under this section shall include, for the preceding quarter, the amount of funds disbursed to each State agency, State department, and nonprofit organization; the amount of funds remaining to be disbursed to each State agency, State Department, and nonprofit organization; and how the funds were used by each State agency, State department, and nonprofit organization.

SECTION 4.7.(h) Audit. – The State Auditor shall conduct biennial preliminary financial audits and a final performance audit of the State Fiscal Recovery Fund no later than 90 days following the latest date on which expenditures may be made under applicable federal law or guidance.

SECTION 4.7.(i) Reversion. – The funds appropriated from the State Fiscal Recovery Fund in this act and in prior enactments of the General Assembly shall not revert at the end of each fiscal year of the 2023-2025 fiscal biennium but shall remain available to expend until the date set by applicable federal law or guidance.

SECTION 4.7.(j) Exclusion. – This section does not apply to funds allocated in this act from the ARPA Temporary Savings Fund or to the Department of Health and Human Services with regards to any federal receipts arising from the enhanced federal medical assistance percentage (FMAP) available to the State under section 9814 of ARPA, or any savings realized as a result of those receipts.

TRANSFER OF FUNDS FROM STATE FISCAL RECOVERY RESERVE.

SECTION 4.8.(a) The State Controller shall transfer the sum of sixteen million three hundred thousand dollars ($16,300,000) for the 2023-2024 fiscal year and eleven million four

hundred fifty-two thousand two hundred and six dollars ($11,452,206) for the 2024-2025 fiscal year from the State Fiscal Recovery Reserve to the State Fiscal Recovery Fund. The State Controller shall transfer funds available in the State Fiscal Recovery Fund as set forth below, and these funds are appropriated for the fiscal year in which they are transferred:

	State Agency or Department	2023-2024	2024-2025
(1)	Department of Information Technology-Digital Literacy (Budget Code: 14660)	$16,250,000	$11,452,206
(2)	Office of State Budget and Management-Special Appropriations (Budget Code: 13085)	50,000	0

SECTION 4.8.(b) The State Controller shall transfer funds available in the State Fiscal Recovery Reserve to State agencies and departments in accordance with the following schedule, and the funds transferred are appropriated for the fiscal year in which they are transferred:

	State Agency or Department	2023-2024	2024-2025
(1)	Department of Information Technology (Budget Code: 14660)	$0	$4,797,794
(2)	Department of Public Instruction (Budget Code: 13510)	7,800,000	0
(3)	Department of Agriculture and Consumer Services (Budget Code 23704)	4,600,000	0
(4)	Department of Agriculture and Consumer Services (Budget Code 63701)	15,000,000	15,000,000
(5)	Department of Agriculture and Consumer Services (Budget Code 13700)	25,000,000	25,000,000
(6)	Department of Commerce (Budget Code: 14600)	40,000	0
(7)	Department of Commerce (Budget Code: 14602)	4,100,000	0
(8)	Department of Natural and Cultural Resources (Budget Code: 24820)	15,000,000	0
(9)	Department of Natural and Cultural Resources (Budget Code: 24817)	33,000,000	0
(10)	Office of State Budget and Management-Special Appropriations (Budget Code: 13085)	47,000,000	8,000,000
(11)	Department of Transportation (Budget Code: 84210)	34,500,000	0

SECTION 4.8.(c) Section 39.2(f) of S.L. 2021-180 reads as rewritten:

"**SECTION 39.2.(f)** Of the funds appropriated in this act from the State Fiscal Recovery Fund, the sum of five hundred ~~forty-five~~ twenty-two million seven hundred forty-seven thousand seven hundred ninety-four dollars ~~($545,000,000)~~ ($522,747,794) for the 2021-2022 fiscal year is allocated to provide the one-time, lump sum bonuses authorized in this section to State employees and local education employees for work performed during the COVID-19 pandemic."

ARPA TEMPORARY SAVINGS FUND

SECTION 4.9. Funds allocated in this act from the ARPA Temporary Savings Fund established in Section 1.3(a) of S.L. 2023-7 to State agencies and departments are appropriated for the purposes described in those allocations for the fiscal year in which they are allocated. Except as otherwise provided for in this act, these funds shall not revert.

PART V. GENERAL PROVISIONS

UNEXPENDED DIRECTED GRANTS APPROPRIATED IN 2022-2023 FISCAL YEAR DO NOT REVERT

SECTION 5.1.(a) This section applies to any directed grants appropriated as nonrecurring funds in S.L. 2021-180 for the 2022-23 fiscal year that (i) remain unexpended as of the effective date of this section and (ii) are subject to reversion at the end of the 2022-23 fiscal year. Notwithstanding any provision of law to the contrary, the grants described by this section shall not revert at the end of the 2022-23 fiscal year and shall remain available for expenditure for the purpose for which the funds were appropriated until the earlier of the date the funds are expended or the date the funds revert pursuant to subsection (b) of this section.

SECTION 5.1.(b) Any funds described in subsection (a) of this section that remain unexpended as of June 30, 2023, shall revert to the appropriate fund at the end of the 2023-24 fiscal year.

SECTION 5.1.(c) This section becomes effective June 30, 2023.

ESTABLISHING OR INCREASING FEES

SECTION 5.2.(a) Notwithstanding G.S. 12-3.1, an agency is not required to consult with the Joint Legislative Commission on Governmental Operations prior to establishing or increasing a fee to the level authorized or anticipated in this act.

SECTION 5.2.(b) Notwithstanding G.S. 150B-21.1A(a), an agency may adopt an emergency rule in accordance with G.S. 150B-21.1A to establish or increase a fee as authorized by this act if the adoption of a rule would otherwise be required under Article 2A of Chapter 150B of the General Statutes.

DIRECTED GRANTS TO NON-STATE ENTITIES

SECTION 5.3.(a) Definitions. – For purposes of this act and the Committee Report described in Section 43.2 of this act, the following definitions apply:

(1) Directed grant. – Nonrecurring funds allocated by a State agency to a non-State entity as directed by an act of the General Assembly.

(2) Non-State entity. – As defined in G.S. 143C-1-1.

SECTION 5.3.(b) Requirements. – Nonrecurring funds appropriated in this act as directed grants are subject to all of the following requirements:

(1) Directed grants are subject to the provisions of subsections (b) through (k), except for subdivision (1) of (f1), of G.S. 143C-6-23.

(2) Directed grants of one hundred thousand dollars ($100,000) or less may be made in a single annual payment in the discretion of the Director of the Budget. Directed grants of more than one hundred thousand dollars ($100,000) shall be made in quarterly or monthly payments in the discretion of the Director of the Budget. A State agency administering a directed grant shall begin disbursement of funds to a non-State entity that meets all applicable requirements as soon as practicable, but no later than 100 days after the date this act becomes law. Full disbursement of funds to a non-State entity that meets all applicable requirements shall be completed no later than nine months after the date this act becomes law.

(3) Beginning on the first day of a quarter following the deadline provided in subdivision (2) of this subsection and quarterly thereafter, State agencies administering directed grants shall report to the Fiscal Research Division on the status of funds disbursed for each directed grant until all funds are fully disbursed. At a minimum, the report required under this subdivision shall

include updates on (i) the date of the initial contact, (ii) the date the contract was sent to the entity receiving the funds, (iii) the date the disbursing agency received the fully executed contract back from the entity, (iv) the contract execution date, and (v) the payment date.

(4) Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary, nonrecurring funds appropriated in this act for the 2023-2024 fiscal year as directed grants shall not revert until two years after this act becomes law, and nonrecurring funds appropriated in this act for the 2024-2025 fiscal year as directed grants shall not revert until June 30, 2026.

(5) Directed grants to nonprofit organizations are for nonsectarian, nonreligious purposes only.

SECTION 5.3.(c) This section expires on June 30, 2026.

CAP STATE-FUNDED PORTION OF NONPROFIT SALARIES

SECTION 5.4. No more than one hundred forty thousand dollars ($140,000) in State funds, including any interest earnings accruing from those funds, may be used for the annual salary of any individual employee of a nonprofit organization.

RECOMMENDATION ON PEN-AND-INK SIGNATURES

SECTION 5.5. The General Statutes Commission shall review all provisions in the General Statutes that require that documents have pen-and-ink signatures. The Commission may recommend a bill for the 2024 Regular Session of the 2023 General Assembly to allow for both pen-and-ink and electronic signatures, where appropriate.

DISASTER RELIEF AND RECOVERY/MITIGATION/RESILIENCY

SECTION 5.6.(a) Recapture of Unused Funds. – The State Controller shall transfer from the following listed agencies to the State Emergency Response and Disaster Relief Fund the sum of sixty million one hundred two thousand five hundred twelve dollars ($60,102,512) constituting the remaining funds appropriated or allocated in the following sections, as amended:

(1) $52,270,070 from the Department of Agriculture and Consumer Services:
  a. Section 4.1(10) of S.L. 2016-124.
  b. Section 1(3) of S.L. 2017-119.
  c. Funds remaining in the Committee Report as referenced in Section 6.1 of S.L. 2018-136.
  d. Section 1.3(3) of S.L. 2018-138.
  e. Section 5.9A(c)(2) of S.L. 2021-180.

(2) $3,739,701 from The University of North Carolina System from funds remaining in the Committee Report as referenced in Section 6.1 of S.L. 2018-136.

(3) $2,174,372 from the Department of Health and Human Services from funds remaining in the Committee Report as referenced in Section 6.1 of S.L. 2018-136.

(4) $700,314 from the Department of Public Safety, Division of Emergency Management:
  a. Section 4.1(2) of S.L. 2016-124.
  b. Section 5.6(b)(2)d. of S.L. 2018-5.
  c. Section 2.1(7)b. of S.L. 2019-224.
  d. Section 1.2(2)a. of S.L. 2019-250.

(5) $673,613 from the Department of Insurance from funds remaining in the Committee Report as referenced in Section 6.1 of S.L. 2018-136.

(6) $480,846 from the North Carolina Community College System:

a. Section 1(4) of S.L. 2017-119.
b. Section 5.3(f) of S.L. 2018-136.
c. Funds remaining in the Committee Report as referenced in Section 6.1 of S.L. 2018-136.
d. Section 2.1(1) of S.L. 2019-224.

(7) $59,393 from the Department of Environmental Quality:
a. Section 1.3(5) of S.L. 2018-138.
b. Section 1.2(9) of S.L. 2019-250.

(8) $4,203 from the North Carolina Office of Recovery and Resiliency from Section 2.1(4)c. of S.L. 2019-224.

SECTION 5.6.(b) Section 5.9(a) of S.L. 2021-180 reads as rewritten:

"**SECTION 5.9.(a)** Allocations. – The funds appropriated in Section 2.2(j) of this act for disaster relief, recovery, mitigation, and resiliency shall be allocated as follows:

…

(5) $25,000,000 to the Office of State Budget and Management for Golden L.E.A.F. (Long-Term Economic Advancement Foundation), Inc., a nonprofit corporation, to establish and administer the Small Project Mitigation and Recovery Program (Program) in accordance with this subdivision. The Program shall disburse grants up to ~~two hundred fifty thousand dollars ($250,000)~~ two million dollars ($2,000,000) to units of local government for flood mitigation and recovery projects. These funds may be used for planning or as matching funds when applicable.

…."

SECTION 5.6.(c) Previous Allocations Reversion Modification. – Notwithstanding Sections 5.9(b) and 5.9A(e) of S.L. 2021-180, funds allocated in Sections 5.9 and 5.9A of S.L. 2021-180, as amended by Section 1.4 of S.L. 2021-189, Section 1.2 of S.L. 2022-6, and Section 5.4 of S.L. 2022-74, shall not revert to the Disaster Relief and Mitigation Fund, but instead shall revert to the State Emergency Response and Disaster Relief Fund. The funds allocated in Section 5.9(a)(7) and Section 5.9(a)(30)*l*. of S.L. 2021-180, as amended, shall not revert until June 30, 2024. The funds subject to Section 5.9A(e) of S.L. 2021-180 shall remain available for expenditure and shall not revert until November 1, 2026.

SECTION 5.6.(d) Stoney Creek Allocation Transfer. – The State Controller shall transfer the allocation of five million dollars ($5,000,000) under Section 5.9(a)(23) of S.L. 2021-180 for Stoney Creek acquisitions from the North Carolina Office of Recovery and Resiliency to the Department of Environmental Quality for the same purpose.

SECTION 5.6.(e) Mitigation Buyouts Modification. – The funds allocated to the Department of Public Safety, Office of Recovery and Resiliency (NCORR), under Section 2.1(4)a. of S.L. 2019-224, as amended, for mitigation buyouts and other various purposes shall be instead used by NCORR for mitigation buyouts, relocations, rehabilitations, reconstructions, and for the purchase of manufactured housing units in order to serve homeowners and communities affected by Hurricanes Matthew and Florence.

SECTION 5.6.(f) Allocations. – The funds appropriated in Section 2.2(e) of this act for disaster relief, recovery, mitigation, and resiliency shall be allocated as follows:

(1) $25,000,000 to the Department of Public Safety, Division of Emergency Management, for the Transportation Infrastructure Resiliency Fund.

(2) $20,000,000 to the Department of Agriculture and Consumer Services to be used for the Streamflow Rehabilitation Assistance Program for purposes consistent with Article 6 of Chapter 139 of the General Statutes.

(3) $10,000,000 to the Department of Environmental Quality, Division of Coastal Management, for the Resilient Coastal Communities Program.

(4) $10,000,000 to the Wildlife Resources Commission for the Lake Mattamuskeet outfall canal.

(5) $7,500,000 to the Department of Environmental Quality to provide directed grants to North Carolina Coastal Federation, Inc. (Federation), a nonprofit corporation, for the following purposes:

a. $5,000,000 for the Stormwater Retrofit Pilot Cost-Share Program, in accordance with subsection (g) of this section.

b. $2,000,000 for living shoreline projects sponsored by a unit of local government that is or is in a coastal county and matches for federal or private funds provided to the Federation or a unit of local government for those projects.

c. $500,000 for (i) the Federation's Lost Fishery Gear Recovery Program, which employs coastal fishermen and other private partners to remove debris from coastal waters and (ii) the investigation, removal, and disposal of abandoned and derelict vessels in public trust waters of the State located in coastal counties. For purposes of this sub-subdivision, the phrase "abandoned and derelict vessel" has the meaning set forth in subdivision 2.1(10) of S.L. 2019-224, as rewritten by Section 4 of S.L. 2020-74. The Federation may use these funds to contract with any federal or State agency or unit of local government or to match federal grant funds.

(6) $1,975,812 to the Department of Environmental Quality to provide funding across the fiscal biennium for six time-limited positions to implement the Flood Resiliency Blueprint as set forth in Section 5.9(c) of S.L. 2021-180, as amended.

(7) $1,000,000 to the Office of State Budget and Management to provide a grant to the North Carolina Insurance Underwriting Association for the Coastal Resilient Roof Grant Pilot Program, consistent with the purposes set forth in Section 5.9(i) of S.L. 2021-180.

(8) $1,000,000 to the Office of State Budget and Management to provide a directed grant to the North Carolina Resource Conservation and Development Association for flood mitigation projects.

SECTION 5.6.(g) Stormwater Retrofit Pilot Cost-Share Program. – The North Carolina Coastal Federation, Inc., a nonprofit corporation, shall establish the Stormwater Retrofit Pilot Cost-Share Program. The Federation shall adopt guidelines to administer the Program and consult with the Department of Environmental Quality in the development of the Program. The purpose of the Program is to provide grants to eligible permittees. Grants are limited to stormwater permittees who demonstrate that they would experience a significant economic hardship based on such factors as the Department of Environmental Quality may specify in financing upgrades and repairs to their stormwater control measures to meet the more stringent of (i) current standards if the permittee was building a new system or (ii) the terms of the permit. The Coastal Federation shall report to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources by March 1, 2024, on the implementation of this Program. The report shall include, at a minimum, the continued need for the pilot program to operate through the 2024-2025 fiscal year and whether the Program should be expanded or terminated.

SECTION 5.6.(h) Allocation Reporting Requirements. – The Office of State Budget and Management shall report to the chairs of the House Appropriations Committee on Agriculture and Natural and Economic Resources and Senate Appropriations Committee on Agriculture, Natural, and Economic Resources and to the Fiscal Research Division of the General Assembly on the implementation of this section on a quarterly basis and shall also provide any

additional reports or information requested by the Fiscal Research Division. Each report required by this section shall include information about all funds expended or encumbered pursuant to this section as of the date of the report, regardless of which State agency, federal agency, or non-State entity administers the funds. Non-State entities that administer or receive any funds appropriated in this section shall assist and fully cooperate with the Office of State Budget and Management in meeting the Office's obligations under this section.

SECTION 5.6.(i) Limitation on Funds. – The Governor may not use the funds described in this section to make budget adjustments under G.S. 143C-6-4 or to make reallocations under G.S. 166A-19.40(c). Nothing in this section shall be construed to prohibit the Governor from exercising the Governor's authority under these statutes with respect to funds other than those described in this section.

The Governor shall also ensure that funds allocated in this section are expended in a manner that does not adversely affect any person's or entity's eligibility for federal funds that are made available, or that are anticipated to be made available, as a result of natural disasters. The Governor shall also, to the extent practicable, avoid using State funds to cover costs that will be, or likely will be, covered by federal funds.

STATE BUDGET ACT/FUNDS CARRYFORWARD

SECTION 5.7.(a) G.S. 143C-1-1 reads as rewritten:

"**§ 143C-1-1. Purpose and definitions.**

…

(d) Definitions. – The following definitions apply in this Chapter:

(1) Appropriation. – An enactment by the General Assembly authorizing the withdrawal of money from the State treasury. An enactment by the General Assembly that authorizes, specifies, or otherwise provides that funds may be used for a particular purpose is not an appropriation.

…

(6a) Carryforward. – The balance of a General Fund operating budget appropriation which would otherwise revert at the close of the fiscal year but instead is made available in the succeeding fiscal year as is specified in law or to liquidate an encumbrance of the prior fiscal year. Funds may not be carried forward for any other purpose.

…

(12) Encumbrance. – A financial obligation created by a purchase order, contract, ~~salary commitment,~~ unearned or prepaid collections for services provided by the State, or other legally binding agreement.

…."

SECTION 5.7.(b) Part 1 of Article 6 of Chapter 143C of the General Statutes is amended by adding a new section to read:

"**§ 143C-6-4.1. Carryforward of funds.**

(a) Unless otherwise specified by law, funds carried forward at the end of the fiscal year may only be spent in the succeeding fiscal year for the purpose for which they were carried forward. Carryforward funds that have not been liquidated in the year in which they were carried forward shall revert at the end of the fiscal year.

(b) Unless otherwise specified by law, funds carried forward under this authorization may not be transferred, or otherwise moved, out of the General Fund.

(c) Funds carried forward to support encumbrances are subject to cash availability."

MEDICAL FREEDOM/COVID-19 VACCINATIONS

SECTION 5.8.(a) Article 10 of Chapter 143 of the General Statutes is amended by adding a new section to read:

"**§ 143-162.6. Discrimination against persons based on refusal of COVID-19 vaccination and exemption.**

(a) No State agency, city, county, or political subdivision of the State shall deny or refuse employment to any person or discharge any person from employment due to the person's refusal to provide proof of a COVID-19 vaccination or the person's refusal to submit to a COVID-19 vaccination or a series of COVID-19 vaccinations, unless the exemption in subsection (c) of this section applies. This section shall not be construed to prevent the person from being discharged for cause. As used in this section, the term "COVID-19" means the coronavirus disease of 2019.

(b) No State agency, city, county, or political subdivision of the State shall discriminate or take any retaliatory action against an employee because the employee in good faith does or threatens to file a claim or complaint; initiate any inquiry, investigation, inspection, proceeding, or other action; or testify or provide information to any person with respect to the provisions of subsection (a) of this section.

(c) An exemption to subsections (a) and (b) of this section applies to the following:

(1) Any employee, vendor, volunteer, trainee, or student that is required by a facility certified by the Centers for Medicare and Medicaid Services to show proof of a COVID-19 vaccination, or to submit to a COVID-19 vaccination or COVID-19 series of vaccinations.

(2) An employee employed by any entity that receives federal funding if complying with subsection (a) or (b) of this section would result in the loss of that federal funding.

(3) An employee employed by the Department of Health and Human Services in the Division of State Operated Healthcare Facilities if the Department requires the COVID-19 vaccination or series of vaccinations for that employee."

SECTION 5.8.(b) Part 2 of Article 6 of Chapter 130A of the General Statutes is amended by adding a new section to read:

"**§ 130A-158.3. COVID-19 vaccination requirement prohibited; exemption.**

(a) Notwithstanding any provision of this Chapter or Chapter 166A of the General Statutes to the contrary, no State or local public health agency or public health official may require any person, including an applicant for employment or an employee, to provide proof of a COVID-19 vaccination or to submit to a COVID-19 vaccination or series of COVID-19 vaccinations unless the exemption in subsection (b) of this section applies. For purposes of this section, the following definitions apply:

(1) Applicant for employment. – Any person who seeks to be permitted, required, or directed by a State or local public health agency, or any person employed by a State or local public health agency, to engage in employment in consideration of direct or indirect gain or profit.

(2) COVID-19. – The coronavirus disease of 2019.

(3) Employee. – Any individual employed by a State or local public health agency.

(4) State or local public health agency. – Includes the following:

a. The Department or any of its divisions.

b. The Commission for Public Health or any district created by the Commission pursuant to subsection (d) of G.S. 130A-29.

c. A local health department as defined in subdivision (5) of G.S. 130A-2.

(5) State or local public health official. – Includes the following:

a. The Secretary or a designee.

b. The State Health Director or a designee.

c. The head of any State or local public health agency or a designee.

(b) An exemption to subsection (a) of this section applies to the following:

(1) Any employee, vendor, volunteer, trainee, or student that is required by a facility certified by the Centers for Medicare and Medicaid Services to show proof of a COVID-19 vaccination, or to submit to a COVID-19 vaccination or COVID-19 series of vaccinations.
(2) An employee employed by any entity that receives federal funding if complying with subsection (a) of this section would result in the loss of that federal funding.
(3) An employee employed by the Department of Health and Human Services in the Division of State Operated Healthcare Facilities if the Department requires the COVID-19 vaccination or series of vaccinations for that employee."

SECTION 5.8.(c) Article 23 of Chapter 153A of the General Statutes is amended by adding a new section to read:

"**§ 153A-461. COVID-19 vaccination requirement prohibited; exemption.**

(a) No county may require any person, including an applicant for employment or an employee, to provide proof of a COVID-19 vaccination or to submit to a COVID-19 vaccination or a series of COVID-19 vaccinations, unless the exemption in subsection (b) of this section applies. For purposes of this section, the following definitions apply:
(1) Applicant for employment. – Any person who seeks to be permitted, required, or directed by a county or any person employed by a county to engage in employment in consideration of direct or indirect gain or profit.
(2) COVID-19. – The coronavirus disease of 2019.
(3) Employee. – As defined in G.S. 153A-99(b)(1).

(b) An exemption to subsection (a) of this section applies to the following:
(1) Any employee, vendor, volunteer, trainee, or student that is required by a facility certified by the Centers for Medicare and Medicaid Services to show proof of a COVID-19 vaccination, or to submit to a COVID-19 vaccination or COVID-19 series of vaccinations.
(2) An employee employed by any entity that receives federal funding if complying with subsection (a) of this section would result in the loss of that federal funding.
(3) An employee employed by the Department of Health and Human Services in the Division of State Operated Healthcare Facilities if the Department requires the COVID-19 vaccination or series of vaccinations for that employee."

SECTION 5.8.(d) Article 21 of Chapter 160A of the General Statutes is amended by adding a new section to read:

"**§ 160A-499.6. COVID-19 vaccination; requirement prohibited and exemption.**

(a) No city may require any person, including an applicant for employment or an employee, to provide proof of a COVID-19 vaccination or to submit to a COVID-19 vaccination or a series of COVID-19 vaccinations, unless the exemption in subsection (b) of this section applies. For purposes of this section, the following definitions apply:
(1) Applicant for employment. – Any person who seeks to be permitted, required, or directed by a city or any person employed by a city to engage in employment in consideration of direct or indirect gain or profit.
(2) COVID-19. – The coronavirus disease of 2019.
(3) Employee. – As defined in G.S. 160A-169(b)(1).

(b) An exemption to subsection (a) of this section applies to the following:
(1) Any employee, vendor, volunteer, trainee, or student that is required by a facility certified by the Centers for Medicare and Medicaid Services to show proof of a COVID-19 vaccination, or to submit to a COVID-19 vaccination or COVID-19 series of vaccinations.

(2) An employee employed by any entity that receives federal funding if complying with subsection (a) of this section would result in the loss of that federal funding.

(3) An employee employed by the Department of Health and Human Services in the Division of State Operated Healthcare Facilities if the Department requires the COVID-19 vaccination or series of vaccinations for that employee."

SECTION 5.8.(e) G.S. 130A-152 reads as rewritten:

"**§ 130A-152. Immunization required.**

(a) Every child present in this State shall be immunized against diphtheria, tetanus, whooping cough, poliomyelitis, red measles (rubeola) and rubella. In addition, except as provided in subsection (f) of this section, every child present in this State shall be immunized against any other disease upon a determination by the Commission that the immunization is in the interest of the public health. Every parent, guardian, person in loco parentis and person or agency, whether governmental or private, with legal custody of a child shall have the responsibility to ensure that the child has received the required immunization at the age required by the Commission. If a child has not received the required immunizations by the specified age, the responsible person shall obtain the required immunization for the child as soon as possible after the lack of the required immunization is determined.

…

(f) Notwithstanding this section or other applicable State law, the Commission for Public Health, public school units, community colleges, and constituent institutions of The University of North Carolina are prohibited from requiring a student to provide proof of vaccination against the coronavirus disease of 2019 (COVID-19) or to submit to a COVID-19 vaccination or series of COVID-19 vaccinations unless the requirement for vaccination or proof of vaccination is required for participating in a program of study, or fulfilling education requirements for a program, that requires working, volunteering, or training in a facility certified by the Centers for Medicare and Medicaid Services."

SECTION 5.8.(f) This section becomes effective January 1, 2024.

PART VI. COMMUNITY COLLEGE SYSTEM

SURRY COMMUNITY COLLEGE NORTHERN REGIONAL HOSPITAL MOU

SECTION 6.1. Of the funds appropriated in this act from the General Fund to the Community Colleges System Office for the 2023-2024 fiscal year, the System Office shall allocate the sum of one million dollars ($1,000,000) in recurring funds to Surry Community College to enter into a memorandum of understanding (MOU) with Northern Regional Hospital in Mount Airy, North Carolina, to train and employ up to eight licensed nurse educators each year. Nurse educators employed by Northern Regional Hospital with these funds shall provide clinical instruction services for nursing students on a full-time basis for affiliated nursing programs.

HIGH-COST WORKFORCE PROGRAMS START-UP FUNDS

SECTION 6.2.(a) Establishment of the Fund. – Of the funds appropriated in this act from the ARPA Temporary Savings Fund to the Community Colleges System Office for the 2023-2025 fiscal biennium, the System Office shall establish the Fund for High-Cost Workforce Programs (Fund). The Fund shall be used to assist community colleges in starting new programs in high-demand career fields that require significant start-up funds. Monies shall be allocated from the fund in each fiscal year of the 2023-2025 fiscal biennium for high-demand career fields offered at community colleges as follows:

(1) At least ten million dollars ($10,000,000) for nursing programs.

(2) Any remaining funds for Tier 1A and Tier 1B programs.

SECTION 6.2.(b) Applications. – The System Office shall establish an application process for community colleges to apply for awards from the Fund no later than the beginning of each fiscal year of the 2023-2025 fiscal biennium. To be eligible to receive funds, colleges shall submit to the System Office a completed application, which shall include at least the following information:

(1) A description of the proposed new program requiring start-up funds.

(2) Documentation of industry demand for the program or documentation of future local, regional, or statewide employment needs that will be met by the program.

(3) Total cash cost to start the program and maintain the program over two fiscal years.

(4) A plan for the fiscal sustainability of the new program.

SECTION 6.2.(c) Limitation on the Use of Funds. – A community college may only apply for the award of funds to support one new program in each fiscal year. Funds shall remain available to the community college for a period of two fiscal years. The award of funds to a community college from the Fund shall not exceed one million dollars ($1,000,000).

SECTION 6.2.(d) Matching Funds. – A community college shall be required to match a percentage of the total cash cost of the program with non-State funds based on a college's total full-time equivalents (FTE) according to the following:

(1) Community colleges with a total FTE of greater than 6,500 shall be required to match fifteen percent (15%) of the cost.

(2) Community colleges with a total FTE between 2,500 and 6,500 shall be required to match ten percent (10%) of the cost.

(3) Community colleges with a total FTE below 2,500 shall be required to match five percent (5%) of the cost.

SECTION 6.2.(e) Administration. – The System Office may adopt any regulations, policies, or procedures regarding the application process, use of funds, eligibility requirements, and any other rules necessary related to the administration of the Fund. The System Office may use up to one hundred thousand dollars ($100,000) each fiscal year for administrative costs for establishing and implementing the program.

SECTION 6.2.(f) Report. – The System Office shall submit an initial report to the Joint Legislative Education Oversight Committee by December 1, 2024, and an annual report thereafter for each year the System Office provides funds to community colleges from the Fund on the programs receiving the funds, which shall include at least the following information:

(1) The community colleges that received funds, the amount of funds, and the types of programs started.

(2) The use of funds by community colleges receiving awards, including costs associated with student instruction, faculty salaries, instructional supplies, related instructional equipment, and accreditation costs.

(3) Evaluation of the success of the new community college programs receiving funds.

REPORT ON CERTAIN RECURRING PROGRAMS

SECTION 6.3. Article 4A of Chapter 115D of the General Statutes is amended by adding a new section to read:

"**§ 115D-58.17. Report on certain recurring programs.**

(a) No later than February 15, 2024, and annually thereafter, the State Board of Community Colleges shall report to the Joint Legislative Education Oversight Committee on outcomes related to the following recurring programs:

(1) Minority male mentoring programs, including the Minority Male Success Initiative.

(2) The Rowan-Cabarrus Community College Biotechnology Training Center and Greenhouse at the North Carolina Research Campus in Kannapolis.

(b) Each report required pursuant to this section shall include at least the following information from the prior fiscal year:

(1) Program activities, objectives, and accomplishments.

(2) Itemized expenditures and fund sources.

(3) The impact of the program on its intended purpose."

PERMIT STATE BOARD OF COMMUNITY COLLEGES TO WAIVE FEES FOR WORKFORCE CONTINUING EDUCATION PROGRAMS

SECTION 6.4.(a) G.S. 115D-5(b) reads as rewritten:

"(b) In order to make instruction as accessible as possible to all citizens, the teaching of curricular courses and of noncurricular extension courses at convenient locations away from institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata portion of the established regular tuition rate charged a full-time student shall be charged a part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of Community Colleges shall establish a uniform registration fee, or a schedule of uniform registration fees, to be charged students enrolling in extension courses for which instruction is financed primarily from State funds. The State Board of Community Colleges may provide by general and uniform regulations for waiver of tuition and registration fees for the following:

(1) Persons not enrolled in elementary or secondary schools taking courses leading to a high school diploma or equivalent certificate.

(2) Courses requested by the following entities that support the organizations' training needs and are on a specialized course list approved by the State Board of Community Colleges:

a. Volunteer fire departments.

b. Municipal, county, or State fire departments.

c. Volunteer EMS or rescue and lifesaving departments.

d. Municipal, county, or State EMS or rescue and lifesaving departments.

D1. Law enforcement, fire, EMS or rescue and lifesaving entities serving a lake authority that was created by a county board of commissioners prior to July 1, 2012.

e. Radio Emergency Associated Communications Teams (REACT) under contract to a county as an emergency response agency.

f. Municipal, county, or State law enforcement agencies.

F1. Campus police agencies of private institutions of higher education certified by the Attorney General pursuant to Chapter 74G of the General Statutes.

g. The Division of Prisons of the Department of Adult Correction and the Division of Juvenile Justice of the Department of Public Safety for the training of full-time custodial employees and employees of the Divisions required to be certified under Article 1 of Chapter 17C of the General Statutes and the rules of the Criminal Justice and Training Standards Commission.

h. Repealed by Session Laws 2017-186, s. 2(hhhhh), effective December 1, 2017.

i. The Eastern Band of Cherokee Indians law enforcement, fire, EMS or rescue and lifesaving tribal government departments or programs.

j. The Criminal Justice Standards Division of the Department of Justice for the training of criminal justice professionals, as defined in G.S. 17C-20(6), who are required to be certified under (i) Article 1 of

Chapter 17C of the General Statutes and the rules of the North Carolina Criminal Justice Education and Training Standards Commission or (ii) Chapter 17E of the General Statutes and the rules of the North Carolina Sheriffs' Education and Training Standards Commission. The waivers provided for in this sub-subdivision apply to participants and recent graduates of the North Carolina Criminal Justice Fellows Program to obtain certifications for eligible criminal justice professions as defined in G.S. 17C-20(6).

(2a) Firefighters, EMS personnel, and rescue and lifesaving personnel whose duty station is located on a military installation within North Carolina for courses that support their organizations' training needs and are approved for this purpose by the State Board of Community Colleges.

(3) Repealed by Session Laws 2011-145, s. 8.12(a), effective July 1, 2011.

(4) Trainees enrolled in courses conducted under the Customized Training Program.

(5) through (9) Repealed by Session Laws 2011-145, s. 8.12(a), effective July 1, 2011.

(10) Elementary and secondary school employees enrolled in courses in first aid or cardiopulmonary resuscitation (CPR).

(11) Repealed by Session Laws 2013-360, s. 10.6, effective July 1, 2013.

(12) All courses taken by high school students at community colleges, in accordance with G.S. 115D-20(4) and this section.

(13) Human resources development courses for any individual who (i) is unemployed; (ii) has received notification of a pending layoff; (iii) is working and is eligible for the Federal Earned Income Tax Credit (FEITC); or (iv) is working and earning wages at or below two hundred percent (200%) of the federal poverty guidelines.

(14) Repealed by Session Laws 2011-145, s. 8.12(a), effective July 1, 2011.

(15) Courses providing employability skills, job-specific occupational or technical skills, or developmental education instruction to certain students who are concurrently enrolled in an eligible community college literacy course, in accordance with rules adopted by the State Board of Community Colleges.

(16) Courses provided to students who are participating in a pre-apprenticeship or apprenticeship program that meets all of the following criteria:

a. Meets one of the following:

1. Is a registered apprenticeship program recognized by the United States Department of Labor.

2. Is a pre-apprenticeship program recognized and approved by the State agency administering the statewide apprenticeship program.

b. Has a documented plan of study with courses relating to a job-specific occupational or technical skill.

c. Requires the participants in the program to be North Carolina high school students when entering the program.

(17) Courses provided to students in workforce continuing education programs.

The State Board of Community Colleges shall not waive tuition and registration fees for other individuals."

SECTION 6.4.(b) Beginning in the 2024-2025 fiscal year, the Community Colleges System Office shall incorporate any losses in estimated receipts resulting from the waiver provided pursuant to subsection (a) of this section into its enrollment funding model without reducing its total requirements.

NC COMMUNITY COLLEGE SHORT-TERM WORKFORCE DEVELOPMENT GRANTS

SECTION 6.5. Article 1 of Chapter 115D of the General Statutes is amended by adding a new section to read:

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

(a) Program Established. – There is established the North Carolina Community College Short-Term Workforce Development Grant Program (Program) to be administered by the State Board of Community Colleges. The State Board shall adopt rules for the disbursement of the grants pursuant to this section.

(b) Programs of Study. – The State Board of Community Colleges, in collaboration with the Department of Commerce, shall determine the eligible programs of study for the Program, according to the occupations that are in the highest demand in the State. The eligible programs of study shall include programs such as architecture and construction, health sciences, information technology, electrical line worker, and manufacturing programs and may include other programs to meet local workforce needs.

(c) Award Amounts. – To the extent funds are made available for the Program, the State Board of Community Colleges shall award grants in an amount of up to seven hundred fifty dollars ($750.00) to students pursuing short-term, noncredit State and industry workforce credentials. The State Board of Community Colleges shall establish criteria for initial and continuing eligibility for students. At a minimum, students shall be required to qualify as a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and centralized residency determination process administered by the State Education Assistance Authority.

(d) Report. – The State Board shall submit a report by April 1, 2024, and annually thereafter, on the Program to the Joint Legislative Education Oversight Committee and the Fiscal Research Division. The report shall contain, for each academic year and by programs of study, the amount of grant funds disbursed and the number of eligible students receiving funds."

WORKFORCE DIPLOMA PROGRAM/GRADUATION ALLIANCE

SECTION 6.6.(a) Program. – Of the funds appropriated in this act from the ARPA Temporary Savings Fund to the Community Colleges System Office for each year of the 2023-2025 fiscal biennium for Graduation Alliance, the System Office shall contract with Graduation Alliance, Inc., to establish the Workforce Diploma Program (Program) to assist adults who are 21 years of age and older to obtain a high school diploma and develop employability and career and technical skills. Funds shall be provided to Graduation Alliance, Inc., based on the completion of milestones by each student served by the Program. The Program shall do at least the following:

(1) Provide one or more courses that help students obtain a high school diploma and enter or advance within a specific occupation or occupational cluster.

(2) Assist students in obtaining employment, including resume development and mock interviews.

(3) Include at least the following:

a. Proactive communication with students regarding their pace and progress through learning plans.

b. A plan for courses and credits needed for each student that integrates graduation requirements and career goals.

c. Mentoring services.

d. Milestone tracking.

e. Academic skill intake assessments and transcript evaluations.

f. A catalogue of courses necessary to meet graduation requirements.

g. Remediation opportunities in literacy and numeracy.
h. Employability skills certifications.
i. Preparation for workforce credentials.
j. Career advising services.

SECTION 6.6.(b) Report. – The State Board of Community Colleges, in consultation with Graduation Alliance, Inc., shall submit a report by August 15, 2024, to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the impact of the Program, including at least the following information:

(1) The number of participants.
(2) The number of credits earned by participants.
(3) The number of employability skills certifications issued to participants.
(4) The number and type of workforce credentials earned by participants.
(5) The number of participants who received a high school diploma.
(6) The average funding provided per participant who received a high school diploma, credit, employability skills certification, or workforce credential.
(7) The percentage of participants who received a high school diploma, credit, employability skills certification, or workforce credential.

EXPANSION OF APPRENTICESHIP PROGRAMS FOR SMALL BUSINESSES/HIGH-DEMAND TRADES

SECTION 6.7.(a) Program Established. – Of the nonrecurring funds appropriated in this act for the 2023-2024 fiscal year from the ARPA Temporary Savings Fund to the Community Colleges System Office for expansion of apprenticeship programs, the System Office shall establish a temporary program to expand apprenticeship opportunities for high school apprentices and non-high school apprentices between the ages of 16 and 25 by providing incentives for small businesses in high-demand fields and careers, including, but not limited to, surveying, engineering, design, and all construction trades, as well as welding, pipe fitting, and engine mechanics. The program shall provide for small businesses to participate in apprenticeships to meet business needs, assist with financial challenges and employment demands in their local communities, and provide opportunities for apprenticeships that will lead to certifications, licensing, or an associate degree in a career field and full-time employment. Funds for the grant program shall be used to award grants to reimburse employers for the costs associated with new apprentices within a Registered Apprenticeship with ApprenticeshipNC and for tuition, fees, and cost of books for curriculum programs and short-term workforce credentials in accordance with this section. For the purposes of this section, a small business shall mean a business concern or other organization that (i) has no more than 500 employees or, if applicable, the size standard in number of employees established by the Administrator of the Small Business Administration for the industry in which the business concern or organization operates and (ii) is a small business concern as defined in section 3 of the Small Business Act, 15 U.S.C. § 632.

SECTION 6.7.(b) Use of Funds. – The System Office shall administer the grant program established under subsection (a) of this section for applicants that are small business employers located in development tier one and development tier two areas as designated in the annual ranking performed by the Department of Commerce pursuant to G.S. 143B-437.08 for the 2020 calendar year. The funds appropriated for the program shall be allocated by the System Office to grant recipients as follows:

(1) Forty percent (40%) of the funds shall be allocated for apprenticeship programs for apprentices that are enrolled in curriculum degree programs.
(2) Fifteen percent (15%) of the funds shall be allocated for apprenticeship programs for apprentices that are high school students.
(3) The remaining funds shall be allocated for apprenticeship programs for apprentices pursuing short-term workforce credentials.

Recipients of grants may be reimbursed for up to two thousand dollars ($2,000) each fiscal year in program expenses, including costs for purchasing program equipment and for costs associated with payroll, mentor stipends, insurance, training, uniforms, and safety equipment. For apprentices enrolled in curriculum degree programs and short-term workforce courses, up to two thousand five hundred dollars ($2,500) in grant funds may be used each fiscal year to cover the cost of tuition, fees, and books for apprentices enrolled at community colleges. Grant funds may also be used to cover the costs of the salary of apprentices upon matching funds being made available by a grant recipient in accordance with subsection (c) of this section. Apprentices participating in the grant program paid with matching State funds shall be limited to an hourly rate of pay of fifteen dollars ($15.00) for non-high school students and fourteen dollars ($14.00) for high school students.

SECTION 6.7.(c) Matching Funds for Apprentices' Salary. – Funds made available to grant recipients pursuant to this section for the salary costs of apprentices shall be matched on the basis of one dollar ($1.00) in non-State funds for every one dollar ($1.00) in State funds.

SECTION 6.7.(d) Time-Limited Position. – From the funds provided to the System Office pursuant to this section, the System Office may contract for a new, time-limited position through the deadline established for the expenditure of federal funds under federal law and guidance to coordinate and oversee deliverables, daily operations of the grant program, financial management, monitoring and accountability of budget accuracy, and the validity of disbursements.

SECTION 6.7.(e) Marketing. – Of the nonrecurring funds appropriated in this act for the 2023-2024 fiscal year from the ARPA Temporary Savings Fund to the Community Colleges System Office for expansion of apprenticeship programs, the System Office shall use up to five hundred thousand dollars ($500,000) for marketing and recruitment to the program.

SECTION 6.7.(f) Report. – The System Office shall submit a report by October 1, 2024, to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the grant program and the use of funds for each type of apprentice, matching funds provided by grant recipients, as well as salary data, and the amount of funds used for the time-limited position authorized under this section.

EXTEND RISE UP TRAINING AND CREDENTIALING PROGRAM

SECTION 6.8. Section 6.8 of S.L. 2021-180, as amended by Section 6.1 of S.L. 2022-74, reads as rewritten:

"**SECTION 6.8.(a)** The Community Colleges System Office shall partner with the North Carolina Retail Merchants Association and the Retail Consumer Alliance Foundation to implement the RISE Up credentialing program for the 2021-2023 and the 2023-2025 fiscal ~~biennium~~ biennia to teach foundational skills to students attending community colleges and cooperative innovative high schools for career success in the retail industry, customer service, and sales, which may include inventory management and profitability, as well as supply chain warehouse, inventory, and logistics. The RISE Up credentialing program offers all of the following: (i) opportunities for the industry to share the skills valued in job candidates and employees, (ii) valuable skills needed in any industry, particularly customer service, sales, and skills to run a business, (iii) job readiness skills, such as resume preparation, interviewing strategies, professionalism in the workplace, and soft skills, including listening and problem solving, (iv) an understanding of the retail industry and its wide variety of jobs, and (v) preparation for students for the nearly 130,000 retail establishments and more than 1,000,000 retail jobs in North Carolina.

"**SECTION 6.8.(b)** The RISE Up credentialing program shall be offered to students at community colleges and cooperative innovative high schools through each partner community college with the opportunity for up to four different levels of the RISE Up credentials that include the following:

(1) Retail Industry Fundamentals.
(2) Customer Service & Sales.
(3) Operations and Profit.
(4) Supply Chain: Warehouse, Inventory, & Logistics.

"**SECTION 6.8.(c)** The System Office, in collaboration with the North Carolina Retail Merchants Association and the Retail Consumer Alliance Foundation, shall submit an initial report by December 1, 2022, ~~and a final~~ a second report by December 1, 2023, and one or more additional reports annually thereafter while students are participating in the program to the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, and the Fiscal Research Division on the results of implementing the RISE Up credentialing programs, including at least the following information:

(1) The number of students who received or are in the process of receiving credentials, by type of credential.
(2) Student outcomes related to the credentialing.
(3) A list of the community colleges and cooperative innovative high schools participating in the program."

PART VII. PUBLIC INSTRUCTION

CODIFY FUNDING FOR CHILDREN WITH DISABILITIES

SECTION 7.1. Part 1F of Article 9 of Chapter 115C of the General Statutes is amended by adding a new section to read:

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

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

CODIFY FUNDING FOR ACADEMICALLY OR INTELLECTUALLY GIFTED STUDENTS

SECTION 7.2. Article 9B of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-150.10. Funding for academically or intellectually gifted students.**

To the extent funds are made available for this purpose, the State Board shall allocate funds for academically or intellectually gifted children on a per child basis. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its allocated average daily membership for the current school year, regardless of the number of children identified as academically or intellectually gifted in the unit."

CODIFY BOILERPLATE AND CHANGE SMALL COUNTY TIERS

SECTION 7.3.(a) Chapter 115C of the General Statutes is amended by adding a new Article to read:

"Article 32F.
"Supplemental School Funding.

"**§ 115C-472.17. Supplemental funding in low-wealth counties.**

(a) Use of Funds for Supplemental Funding. – To the extent funds are made available for this purpose, all funds received pursuant to this section shall be used only (i) to provide instructional positions, instructional support positions, teacher assistant positions, clerical positions, school computer technicians, instructional supplies and equipment, staff development,

and textbooks and digital resources and (ii) for salary supplements for instructional personnel and instructional support personnel. Local boards of education are encouraged to use at least twenty-five percent (25%) of the funds received pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades three through eight.

(b) Definitions. – As used in this section, the following definitions apply:

(1) Anticipated county property tax revenue availability. – The county-adjusted property tax base multiplied by the effective State average tax rate.

(2) Anticipated State average revenue availability per student. – The sum of all anticipated total county revenue availability divided by the average daily membership for the State.

(3) Anticipated total county revenue availability. – The sum of the following:

a. Anticipated county property tax revenue availability.

b. Local sales and use taxes received by the county that are levied under Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of Chapter 105 of the General Statutes.

c. Fines and forfeitures deposited in the county school fund for the most recent year for which data are available.

(4) Anticipated total county revenue availability per student. – The anticipated total county revenue availability for the county divided by the average daily membership of the county.

(5) Average daily membership. – Average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual adopted by the State Board of Education. If a county contains only part of a local school administrative unit, the average daily membership of that county includes all students who reside within the county and attend that local school administrative unit.

(6) County-adjusted property tax base. – Computed as follows:

a. Subtract the present-use value of agricultural land, horticultural land, and forestland in the county, as defined in G.S. 105-277.2, from the total assessed real property valuation of the county.

b. Adjust the resulting amount by multiplying by a weighted average of the three most recent annual sales assessment ratio studies.

c. Add to the resulting amount the following:

1. Present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2.

2. Value of property of public service companies, determined in accordance with Article 23 of Chapter 105 of the General Statutes.

3. Personal property value for the county.

(7) County-adjusted property tax base per square mile. – The county-adjusted property tax base divided by the number of square miles of land area in the county.

(8) County wealth as a percentage of State average wealth. – Computed as follows:

a. Compute the percentage that the county per capita income is of the State per capita income and weight the resulting percentage by a factor of five-tenths.

b. Compute the percentage that the anticipated total county revenue availability per student is of the anticipated State average revenue

availability per student and weight the resulting percentage by a factor of four-tenths.

c. Compute the percentage that the county-adjusted property tax base per square mile is of the State-adjusted property tax base per square mile and weight the resulting percentage by a factor of one-tenth.

d. Add the three weighted percentages to derive the county wealth as a percentage of the State average wealth.

(9) Effective county tax rate. – The actual county tax rate multiplied by a weighted average of the three most recent annual sales assessment ratio studies.

(10) Effective State average tax rate. – The average of effective county tax rates for all counties.

(11) Local current expense funds. – The most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(12) Per capita income. – The average for the most recent three years for which data are available of the per capita income according to the most recent report of the United States Department of Commerce, Bureau of Economic Analysis, including any reported modifications for prior years as outlined in the most recent report.

(13) Sales assessment ratio studies. – Sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).

(14) State average adjusted property tax base per square mile. – The sum of the county-adjusted property tax bases for all counties divided by the number of square miles of land area in the State.

(15) State average current expense appropriations per student. – The most recent State total of county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(16) Supplant. – To decrease local per student current expense appropriations from one fiscal year to the next fiscal year.

(17) Weighted average of the three most recent annual sales assessment ratio studies. – The weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

(c) Eligibility for Funds. – Except as provided in subsection (g) of this section, the State Board of Education shall allocate these funds to local school administrative units located in whole or in part in counties in which the county wealth as a percentage of the State average wealth is less than one hundred percent (100%).

(d) Allocation of Funds. – Except as provided in subsection (f) of this section, the amount received per average daily membership for a county shall be the difference between the State average current expense appropriations per student and the current expense appropriations per student that the county could provide given the county's wealth and an average effort to fund public schools. To derive the current expense appropriations per student that the county could be able to provide given the county's wealth and an average effort to fund public schools, multiply the county's wealth as a percentage of State average wealth by the State average current expense

appropriations per student. The funds for the local school administrative units located in whole or in part in the county shall be allocated to each local school administrative unit located in whole or in part in the county based on the average daily membership of the county's students in the school units. If the funds appropriated for supplemental funding are not adequate to fund the formula fully, each local school administrative unit shall receive a pro rata share of the funds appropriated for supplemental funding.

(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 for low-wealth counties 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 low-wealth counties.

(f) Minimum Effort Required. – A county shall receive full funding under this section if the county (i) maintains an effective county tax rate that is at least one hundred percent (100%) of the effective State average tax rate in the most recent year for which data are available or (ii) maintains a county appropriation per student to the school local current expense fund of at least one hundred percent (100%) of the current expense appropriations per student to the school local current expense fund that the county could provide given the county's wealth and an average effort to fund public schools. A county that maintains a county appropriation per student to the school local current expense fund of less than one hundred percent (100%) of the current expense appropriations per student to the school local current expense fund that the county could provide given the county's wealth and an average effort to fund public schools shall receive funding under this section at the same percentage that the county's appropriation per student to the school local current expense fund is of the current expense appropriations per student to the school local current expense fund that the county could provide given the county's wealth and an average effort to fund public schools.

(g) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. The State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if all of the following criteria apply:

(1) The current expense appropriations per student of the county for the current year is less than ninety-five percent (95%) of the average of local current expense appropriations per student for the three prior fiscal years.

(2) The county cannot show (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement the requirements of this subsection.

(h) Counties Containing a Base of the Armed Forces. – Notwithstanding any other provision of this section, counties containing a base of the Armed Forces of the United States that have an average daily membership of more than 17,000 students shall receive whichever is the higher amount in each fiscal year as follows: either the amount of supplemental funding the county received as a low-wealth county in the 2012-2013 fiscal year or the amount of supplemental funding the county is eligible to receive as a low-wealth county pursuant to the formula for distribution of supplemental funding under the other provisions of this section.

(i) Funds for EVAAS Data. – Notwithstanding the requirements of subsection (a) of this section, local school administrative units may utilize funds allocated under this section to

purchase services that allow for extraction of data from the Education Value-Added Assessment System (EVAAS).

(j) Reports. – The State Board of Education shall report to the Fiscal Research Division prior to May 15 of each year if it determines that counties have supplanted funds.

(k) Department of Revenue Reports. – The Department of Revenue shall provide to the Department of Public Instruction a preliminary report for the current fiscal year of the assessed value of the property tax base for each county prior to March 1 of each year and a final report prior to May 1 of each year. The reports shall include for each county the annual sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real property represented by the present use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2, (iii) property of public service companies determined in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.

"**§ 115C-472.18. Small county school system supplemental funding.**

(a) Allotment Schedule. – Except as otherwise provided in subsection (d) of this section, each eligible county school administrative unit shall receive a dollar allotment according to the following schedule, to the extent funds are made available for this purpose:

Allotted ADM	Small County Allotment
0-1,300	$2,336,400
1,301-1,700	$2,286,400
1,701-2,000	$2,236,400
2,001-2,300	$2,186,400
2,301-2,600	$2,136,400
2,601-2,800	$2,086,400
2,801-3,300	$2,036,400

(b) Phase-Out Provision. – If a local school administrative unit becomes ineligible for funding under the schedule in subsection (a) of this section, funding for that unit shall be phased out over a five-year period. Funding for such local school administrative units shall be reduced in equal increments in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth fiscal year after the school administrative unit becomes ineligible.

Allotments for eligible local school administrative units under this subsection shall not be reduced in any fiscal year by more than twenty percent (20%) of the amount received during the fiscal year when the local school administrative unit became ineligible to receive funds under this section. A local school administrative unit shall not become ineligible for funding if either the highest of the first two months' total projected average daily membership for the current year or the higher of the first two months' total prior year average daily membership would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this section.

(c) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. The State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year or the year for which the most recent data are available, if all of the following criteria apply:

(1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of local current expense appropriation per student for the three prior fiscal years.

(2) The county cannot show (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement the requirements of this subsection.

(d) Reports. – The State Board of Education shall report to the Fiscal Research Division prior to May 15 of each fiscal year if it determines that counties have supplanted funds.

(e) Use of Funds. – Local boards of education are encouraged to use at least twenty percent (20%) of the funds they receive pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades three through eight.

Local school administrative units may also utilize funds allocated under this section to purchase services that allow for extraction of data from the Education Value-Added Assessment System (EVAAS).

"**§ 115C-472.19. Disadvantaged student supplemental funding.**

(a) To the extent funds are made available for this purpose, funds appropriated for disadvantaged student supplemental funding shall be used, consistent with the policies and procedures adopted by the State Board of Education, only to do the following:

(1) Provide instructional positions or instructional support positions.

(2) Provide professional development.

(3) Provide intensive in-school or after-school remediation, or both.

(4) Purchase diagnostic software and progress-monitoring tools.

(5) Provide funds for teacher bonuses and supplements. The State Board of Education shall set a maximum percentage of the funds that may be used for this purpose.

The State Board of Education may require local school administrative units receiving funding under the Disadvantaged Student Supplemental Fund to purchase the Education Value-Added Assessment System (EVAAS) in order to provide in-depth analysis of student performance and help identify strategies for improving student achievement. This data shall be used exclusively for instructional and curriculum decisions made in the best interest of children and for professional development for their teachers and administrators.

(b) Disadvantaged student supplemental funding (DSSF) shall be allotted to a local school administrative unit based on (i) the unit's eligible DSSF population and (ii) the difference between a teacher-to-student ratio of 1:21 and the following teacher-to-student ratios:

(1) For counties with wealth greater than ninety percent (90%) of the statewide average, a ratio of 1:19.9.

(2) For counties with wealth not less than eighty percent (80%) and not greater than ninety percent (90%) of the statewide average, a ratio of 1:19.4.

(3) For counties with wealth less than eighty percent (80%) of the statewide average, a ratio of 1:19.1.

(4) For local school administrative units that received DSSF funds in fiscal year 2005-2006, a ratio of 1:16. These local school administrative units shall receive no less than the DSSF amount allotted in fiscal year 2006-2007.

For the purpose of this subsection, wealth shall be calculated under the low-wealth supplemental formula as provided for in this Article.

(c) If a local school administrative unit's wealth increases to a level that adversely affects the unit's disadvantaged student supplemental funding (DSSF) allotment ratio, the DSSF allotment for that unit shall be maintained at the prior year level for one additional fiscal year."

SECTION 7.3.(b) G.S. 115C-472.18(a), as enacted by this section, reads as rewritten:

"(a) Allotment Schedule. – Except as otherwise provided in subsection (d) of this section, each eligible county school administrative unit shall receive a dollar allotment according to the following schedule, to the extent funds are made available for this purpose:

Allotted ADM	Small County Allotment
0-1,300	~~$2,336,400~~$2,485,400
1,301-1,700	~~$2,286,400~~$2,435,400

1,701-2,000	~~$2,236,400~~$2,385,400
2,001-2,300	~~$2,186,400~~$2,335,400
2,301-2,600	~~$2,136,400~~$2,285,400
2,601-2,800	~~$2,086,400~~$2,235,400
2,801-3,300	~~$2,036,400~~$2,185,400"

SECTION 7.3.(c) Subsection (a) of this section becomes effective July 1, 2023. The remainder of this section becomes effective July 1, 2024.

RECLASSIFY DPI POSITIONS

SECTION 7.4.(a) Notwithstanding G.S. 143C-6-4, the Department of Public Instruction shall reclassify at least the following full-time equivalent positions within the Department:

(1) One position to be a consultant for alternative learning.
(2) One position to be a teaching compensation and advanced teaching roles consultant.
(3) One position to be a Director of American Indian Education Services.

SECTION 7.4.(b) In making the changes identified in subsection (a) of this section, the Department of Public Instruction shall not do either of the following:

(1) Reduce funding for any of the following:
  a. The State Public School Fund, including for the following residential schools:
    1. The Eastern North Carolina School for the Deaf.
    2. The North Carolina School for the Deaf.
    3. The Governor Morehead School.
  b. Any budget expansion item funded by an appropriation to the Department of Public Instruction by this act for the 2023-2025 fiscal biennium.
(2) Transfer from or reduce funding or positions for any of the following:
  a. Communities in Schools of North Carolina, Inc.
  b. Teach for America, Inc.
  c. Beginnings for Parents of Children Who are Deaf or Hard of Hearing, Inc.
  d. The Excellent Public Schools Act, Read to Achieve Program, initially established under Section 7A.1 of S.L. 2012-142.
  e. The North Carolina School Connectivity Program.
  f. The North Carolina Center for the Advancement of Teaching.
  g. The Schools That Lead Program.
  h. The Center for Safer Schools.

REQUIRED TRAINING TO COUNT TOWARD CONTINUING EDUCATION UNITS

SECTION 7.5.(a) G.S. 115C-270.30 reads as rewritten:

"**§ 115C-270.30. Licensure renewal.**

…

(b) Teacher Licensure Renewal. – Rules for continuing licensure for teachers shall include the following:

(1) For all teachers, at least eight continuing education credits with at least three credits required in a teacher's academic subject area.
(2) For elementary school teachers, at least three continuing education credits related to literacy. Literacy renewal credits shall include evidence-based assessment, diagnosis, and intervention strategies for students not demonstrating reading proficiency. Oral language, phonemic and

phonological awareness, phonics, vocabulary, fluency, and comprehension shall be addressed in literacy-related activities leading to license renewal for elementary school teachers.

(2a) For all teachers, hours spent attending mandatory training programs shall contribute toward the calculation for continuing education credits if all of the following apply:

a. The mandatory training program is required by State law or by a local board of education as a condition of employment.

b. The teacher has otherwise met any applicable requirements for literacy renewal credits, credits required in a teacher's academic subject area, digital teaching or learning, or other licensure renewal requirements adopted by the State Board pursuant to this section.

…

(c) License Renewal Rules Review. – The rules for licensure renewal shall be reviewed at least once every five years by the State Board to do the following:

…

(3) Integrate digital teaching and learning into the requirements for licensure renewal. The State Board of Education shall not require the completion of continuing education credits solely related to digital teaching and learning but may require completion of up to two continuing education credits that include pedagogy on digital teaching and learning as a component of a general or content-specific continuing education credit."

SECTION 7.5.(b) This section is effective when it becomes law and applies to licenses renewed on or after that date.

PROGRAM ENHANCEMENT TEACHER ALLOTMENT/K-12

SECTION 7.6.(a) G.S. 115C-301 reads as rewritten:

"**§ 115C-301. Allocation of teachers; class size.**

…

(a1) Teacher Position Allotments. – Funds for classroom teachers in the State Public School Fund shall consist of the following position allotments:

(1) Classroom teachers for kindergarten through twelfth grade, which shall include funds for ~~program enhancement teachers for sixth through twelfth grade,~~ self-contained exceptional children teachers, math, science, and computer teachers, and matching benefits.

(2) Program enhancement teachers for kindergarten through ~~fifth~~ twelfth grade.

…

(c) Maximum Class Size for Kindergarten Through Third ~~Grade.~~ Grade and Allotment Ratios for Classroom Teachers. – The average class size for kindergarten through third grade in a local school administrative unit shall at no time exceed the funded allotment ratio of teachers to students in kindergarten through third grade. At the end of the second school month and for the remainder of the school year, the size of an individual class in kindergarten through third grade shall not exceed the allotment ratio by more than three students. The funded class size allotment ratio for kindergarten through third grade shall be as follows:

(1) For kindergarten, one teacher per 18 students.

(2) For first grade, one teacher per 16 students.

(3) For second grade, one teacher per 17 students.

(4) For third grade, one teacher per 17 students.

Within the remaining funds available for classroom teachers in the State Public School Fund, the State Board of Education shall set the teacher-to-student ratios for class size in grades four through 12 to allot those positions. In grades four through 12, local school administrative units

shall have the maximum flexibility to use allotted teacher positions to maximize student achievement.

…

(c2) Program Enhancement Teacher Allotment for Kindergarten Through ~~Fifth~~ Twelfth Grade. –

(1) Definitions. – For the purposes of this section, "program enhancement" refers to any of the following:

a. Arts disciplines, including dance, music, theater, and the visual arts.

b. Physical education and health programs.

c. World languages.

d. Other supplemental classes as defined by the State Board of Education.

(2) Allotment ratio calculation. – The allotment ratio for kindergarten through ~~fifth~~ twelfth grade program enhancement teachers shall be one teacher per ~~191~~ 140 students.

(3) Appropriation. – Beginning with the ~~2019-2020~~ 2021-2022 fiscal year, there is appropriated from the General Fund to the Department of Public Instruction for the allotment for program enhancement teachers for kindergarten through ~~fifth~~ twelfth grade an amount equal to the percentage of the total funds required to allot program enhancement teacher positions for kindergarten through ~~fifth~~ twelfth grade on a basis of one teacher per ~~191~~ 140 students for each fiscal year as follows:

Fiscal Year	**Appropriation**
~~2019-2020~~	~~50%~~
~~2020-2021~~	~~75%~~
2021-2022 and each subsequent fiscal year thereafter	100%.

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

…."

SECTION 7.6.(b) G.S. 115C-105.25(b)(5d) reads as rewritten:

"(5d) No positions shall be transferred out of the allocation for program enhancement teachers for kindergarten through ~~fifth~~ twelfth grade except as provided in this subdivision. Positions allocated for program enhancement teachers for kindergarten through ~~fifth~~ twelfth grade may be converted into positions allocated for classroom teachers for kindergarten through twelfth grade. For the purposes of this subdivision, the term "program enhancement" is as defined in G.S. 115C-301(c2)."

SECTION 7.6.(c) This section applies beginning with the 2023-2024 school year.

WEIGHTED FUNDING FOR EC STUDENTS

SECTION 7.7. The Department of Public Instruction shall develop a model, based on the study conducted pursuant to Section 7.44 of S.L. 2021-180, for funding children with disabilities services on the basis of the reported cost of the services provided. The Department shall report to the Joint Legislative Education Oversight Committee by January 15, 2024, on the model of funding developed pursuant to this section and a comparison by public school unit of funds provided under the existing model and the model developed pursuant to this section.

CLARIFY PEPSC ROLE

SECTION 7.8. G.S. 115C-268.5 reads as rewritten:

"**§ 115C-268.5. Powers and duties of the Commission.**

(a) Duties. – The Commission shall:

(1) Develop and recommend to the State Board of Education rules related to all aspects of educator preparation programs in accordance with Article 17D of this Chapter. These rules shall include the following:
a. Requirements for appropriate pedagogy to be included in residency license programs.
b. Appropriate courses to be used for calculation of individual and cohort grade point averages for admission to educator preparation programs, which may account for prior degrees attained, type of license, and areas of licensure. The Commission shall consider which grade point average, either the grade point average in the content courses relevant to the licensure area or the cumulative grade point average, would be most appropriate for clinical residency students.
(2) Develop and recommend to the State Board of Education rules related ~~to all aspects of professional standards for North Carolina educators~~ to obtaining a teaching license in accordance with Article 17E of this Chapter. These rules shall include specific hour requirements for the following:
a. Preservice training and field experiences prior to entering the classroom for individuals issued residency licenses.
b. Preservice training prior to entering the classroom for individuals issued emergency licenses.
~~(3) Provide recommendations as requested to the State Board of Education related to the educator preparation programs and professional standards of North Carolina educators.~~

(b) The Commission shall recommend ways to ensure that the clinical practice requirements described in G.S. 115C-269.25(d) effectively prepare high-quality professional educators who meet the demands of North Carolina schools.

(c) State Board Approval. – The Commission shall submit its recommendations under subsection (a) of this section to the State Board. The State Board shall adopt or reject the rules recommendations. The State Board shall not make any substantive changes to any rules recommendation that it adopts. If the State Board rejects the rules recommendation, it shall state with specificity its reasons for rejection; the Commission may then amend that rules recommendation and resubmit it to the State Board. The Board shall adopt or reject the amended rules recommendation. If the State Board fails to adopt the Commission's original and amended rule recommendations, the State Board may develop and adopt its own rules.

(d) Annual Report. – The Commission shall submit a report by December 1, 2018, and annually thereafter, to the Joint Legislative Education Oversight Committee and the State Board of Education of its activities during the preceding year, together with any recommendations and findings regarding improvement of the ~~teaching profession.~~teacher licensure process, including methods of removing obstacles to obtaining a teaching license without decreasing educator quality."

OPPORTUNITY GAP TASK FORCE

SECTION 7.9.(a) There is established the Opportunity Gap Task Force (Task Force).

SECTION 7.9.(b) The Task Force shall consist of 14 members as follows:
(1) Three persons who are members of the House of Representatives at the time of appointment, at least one of whom represents the minority party, appointed by the Speaker of the House of Representatives.
(2) Three persons who are members of the Senate at the time of appointment, at least one of whom represents the minority party, appointed by the President Pro Tempore of the Senate.

(3) The chair of the State Board of Education, or his or her designee.
(4) The Superintendent of Public Instruction, or his or her designee.
(5) The President of The University of North Carolina, or his or her designee.
(6) The President of the North Carolina System of Community Colleges, or his or her designee.
(7) The President of the North Carolina Independent Colleges and Universities, Inc., or his or her designee.
(8) The President and Chief Executive Officer of North Carolina Business Leaders for Education, doing business as BEST NC (Business for Educational Success and Transformation), or his or her designee.
(9) The Executive Director of the NC Association for Public Charter Schools, or his or her designee.
(10) The Senior Education Advisor to the Governor, or his or her designee.

SECTION 7.9.(c) Appointments to the Task Force shall be made no later than 30 days after the date this act becomes law. In making their appointments, the appointing authorities shall consider the geographic and cultural diversity of the State and the value to the Task Force of experience in business, education, and philanthropic organizations. Any vacancy shall be filled by the appointing authority.

SECTION 7.9.(d) The Task Force shall (i) study the opportunity gap, (ii) consider effective approaches and best practices from across the country to close the opportunity gap in grades kindergarten through 12, and (iii) propose a plan to reduce the opportunity gap for all subgroups by July 1, 2030. For the purposes of this section, the "opportunity gap" refers to the significant disparity in the academic performance and postsecondary readiness of students between any of the following subgroups: races, ethnicities, socioeconomic statuses, genders, English-language proficiencies, and urban, rural, or suburban domiciles.

SECTION 7.9.(e) As part of its study, the Task Force shall consider the following:
(1) Best practices in public education.
(2) Professional development for teachers.
(3) Parental involvement in public education.
(4) Disparities in disciplinary consequences, including suspensions and expulsions.
(5) Preparation and development of school leadership.
(6) Effective use of data to reduce the opportunity gap.
(7) Access to effective educators.
(8) Access to rigorous coursework, including content and courses.
(9) Access to effective school leadership.
(10) Innovative budgeting practices.
(11) The value of incorporating mastery-based learning into curriculum.
(12) Effective access to and use of technology, including (i) connectivity for students and their families, (ii) devices, and (iii) software.
(13) The final report and recommendations of the Task Force to Develop a Representative and Inclusive Vision for Education (DRIVE).
(14) Any other issue the Task Force deems relevant to its study.

SECTION 7.9.(f) At a minimum, the Task Force shall extend invitations to receive input from all of the following:
(1) Two or more parents of students adversely affected by the opportunity gap.
(2) Two or more teachers employed in a North Carolina public school who have demonstrated significant success in reducing the opportunity gap in the classroom.
(3) Two or more principals employed in a North Carolina public school who have demonstrated significant success in reducing the opportunity gap at a school.

(4) Two or more superintendents employed in a local school administrative unit who have demonstrated significant success in reducing the opportunity gap at a local school administrative unit.
(5) Organizations that have demonstrated success in closing the opportunity gap, including, but not limited to, Communities in Schools of North Carolina, Inc.
(6) The Professional Educator Preparation and Standards Commission.
(7) The myFutureNC Commission.
(8) The Governor's Commission on Access to Sound Basic Education.
(9) The B-3 Interagency Council.
(10) The North Carolina Early Childhood Foundation, Inc.'s, Pathways to Grade-Level Reading Initiative.
(11) The Executive Director of NC Child, or his or her designee.
(12) The President of Parents for Educational Freedom in North Carolina, or his or her designee.
(13) The Public School Forum of North Carolina.
(14) The North Carolina Principal Fellows Program.

SECTION 7.9.(g) The Task Force shall include the following in its proposed plan to reduce the opportunity gap for all subgroups:

(1) Information identifying opportunity gaps that exist between races, ethnicities, socioeconomic statuses, genders, English-language proficiencies, and urban, rural, or suburban domiciles.
(2) Recommendations for closing or significantly reducing the opportunity gaps identified by the Task Force.
(3) Benchmarks for implementation of the proposed plan.

SECTION 7.9.(h) The Speaker of the House of Representatives and the President Pro Tempore of the Senate shall each select a cochair for the Task Force from among its members. The Task Force shall meet upon the call of its cochairs. A quorum of the Task Force is a majority of its members. No action may be taken except by a majority vote at a meeting at which a quorum is present. The Task Force, while in the discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4. The Task Force may contract for professional, clerical, or consultant services, as provided by G.S. 120-32.02. If the Task Force hires a consultant, the consultant shall not be a State employee or a person currently under contract with the State to provide services.

Members of the Task Force shall serve without compensation but may receive travel and subsistence as follows:

(1) Members who are officials or employees of a State agency or unit of local government, in accordance with G.S. 138-6.
(2) Members who serve in the General Assembly, in accordance with G.S. 120-3.1.
(3) All other members at the rate established in G.S. 138-5.

All State departments and agencies and local governments and their subdivisions shall furnish the Task Force with any requested information in their possession or available to them.

SECTION 7.9.(i) The Legislative Services Officer shall assign professional and clerical staff to assist the Task Force in its work. The Director of Legislative Assistants of the House of Representatives and the Director of Legislative Assistants of the Senate shall assign clerical support to the Task Force.

SECTION 7.9.(j) Meetings of the Task Force shall begin no later than 60 days after the date this act becomes law. The Task Force shall submit a final report on the results of its study, including its proposed plan and any proposed legislation, to the Joint Legislative Education Oversight Committee on or before December 1, 2024, by filing a copy of the report with the Office of the President Pro Tempore of the Senate, the Office of the Speaker of the House of

Representatives, the Joint Legislative Education Oversight Committee, and the Legislative Library. The Task Force shall terminate on December 1, 2024, or upon the filing of its final report, whichever comes first.

ACADEMIC TRANSPARENCY

SECTION 7.10.(a) Article 8 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-102.1. Inform the public about course materials.**

(a) The following definitions apply in this section:

(1) Course materials. – Any material used for instruction in a course, including, but not limited to, all instructional materials, supplemental materials, textbooks, other reading materials, videos, digital materials, websites, and other online applications.

(2) Instructional materials. – As defined in G.S. 115C-102.20.

(3) Lesson plan. – An outline of all of the following:

a. The instruction provided by a teacher for a course that includes a list of (i) all course materials assigned, distributed, or otherwise presented in the course and (ii) when students must select course materials from a defined list, all course materials on that list.

b. Each grade- or school-wide presentation, assembly, lecture, or other activity or event facilitated by the school during instructional hours outside of an individual teacher's classroom, excluding student presentations. The outline shall include a list of (i) each presenter by name and organization and (ii) any course material used or presented.

(4) Supplemental materials. – As defined in G.S. 115C-102.20.

(b) The governing body of a public school unit shall ensure that the following information for each school it governs is prominently displayed on the school website, organized, at a minimum, by subject area and grade level:

(1) For local school administrative units, the lesson plans that were used at the school during the prior school year. Lesson plans shall include the following, at a minimum:

a. The names of all instructional and supplemental materials used by the school from the list of materials included in the instructional materials repository, with an electronic link to the instructional materials website.

b. Any other course materials used in a course, by the title and the author, organization, or website associated with each material and activity. These course materials shall include materials created by the teacher, with the teacher identified as the author. The lesson plan shall include a brief descriptor of the course materials, and a link to the course material, if publicly available on the internet, or information on how to request review of a copy of the course material in person. Nothing in this section shall be construed to require the digital reproduction or posting of copies of the course materials themselves.

(2) For all public school units that are not local school administrative units, the lesson plans that were used at the school during the prior school year. Lesson plans shall include the following, at a minimum:

a. All course materials by the title and the author, organization, or website associated with each material and activity. If individual components of course materials used throughout the lesson plan are produced as a single volume, that volume may be listed only once in

the lesson plan. If the course material was created by the teacher, the lesson plan shall identify the teacher as the author.

b. A brief descriptor of the course material.

c. A link to the course material, if publicly available on the internet, or information on how to request review of a copy of the course material in person. Nothing in this section shall be construed to require the digital reproduction or posting of copies of the course materials themselves.

(3) For all public school units, any procedures for the documentation, review, or approval of the lesson plans, including course materials identified in those plans, by the principal, curriculum administrators, or other teachers.

(4) For all public school units, the procedure established by the governing board for requesting an in-person review of a course material not publicly available on the internet. For local school administrative units, information shall be provided on how to access the instructional materials repository, as provided in G.S. 115C-102.50.

(c) The governing body shall provide access from the website of the public school unit to the information required by subsection (b) of this section by June 30 of each year either through a website maintained by the public school unit or by a link to another website where the information is publicly accessible. Public access to the information for the school year ending June 30 shall be maintained by the public school unit until June 30 of the following year. The Department of Public Instruction shall make available to public school units one or more templates for providing information as required by this section. A public school unit may exercise flexibility in determining the most effective means of compliance with the requirements of this section, including, but not limited to, utilizing any of the following in its discretion:

(1) Providing a template created by the Department of Public Instruction to teachers to facilitate reporting of lesson plans.

(2) Creating one or more templates to provide to teachers to facilitate reporting of lesson plans. The public school unit may customize templates for grades or courses and may autopopulate any course materials required by the public school unit as part of the curriculum for a particular grade or course.

(3) Allowing utilization of online collaborative software, documents, or spreadsheets to allow multiple authorized users to update content.

(4) Authorizing updating lesson plans throughout the school year, if all updates are completed by June 30.

(d) A governing body that is responsible for the operation of schools with fewer than 400 students cumulatively is not required to comply with the requirements of this section."

SECTION 7.10.(b) G.S. 115C-12 is amended by adding a new subdivision to read:

"(9e) Duty to Inform the Public About Course Materials. – The Board shall ensure that information about course materials for any school operated under Article 9C of this Chapter is prominently displayed on the website of the school, as required by G.S. 115C-102.1."

SECTION 7.10.(c) G.S. 115C-47 is amended by adding a new subdivision to read:

"(58a) To Inform the Public About Course Materials. – Local boards of education shall ensure that information about course materials for each school in the local school administrative unit is prominently displayed on the website of the school, as required by G.S. 115C-102.1."

SECTION 7.10.(d) G.S. 115C-218.85 is amended by adding a new subsection to read:

"(c) Course Materials. – A charter school shall ensure that information about course materials is prominently displayed on the website of the charter school, in accordance with G.S. 115C-102.1."

SECTION 7.10.(e) G.S. 115C-238.66 is amended by adding a new subdivision to read:

"(11a) Course materials. – The board of directors shall ensure that information about course materials is prominently displayed on the website of the regional school, in accordance with G.S. 115C-102.1."

SECTION 7.10.(f) Article 4 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"**§ 116-69.3. Inform the public about course materials.**

The Board of Trustees shall ensure that information about course materials is prominently displayed on the website of the North Carolina School of the Arts for all elementary, middle, and high school programs, in accordance with G.S. 115C-102.1."

SECTION 7.10.(g) G.S. 116-235 is amended by adding a new subsection to read:

"(k) Course Materials. – The Board of Trustees shall ensure that information about course materials is prominently displayed on the website of the School, in accordance with G.S. 115C-102.1."

SECTION 7.10.(h) G.S. 116-239.8(b) reads as rewritten:

"(b) The chancellor shall be the administrative head of a laboratory school approved by the Subcommittee and shall provide general direction for the establishment and operation of a laboratory school. The chancellor, with advice and input from the advisory board established in subdivision (1) of this subsection, shall adopt policies, operating procedures, and the courses of study to govern the operation of the laboratory school. The chancellor may designate the duties required by this Article to other personnel as necessary. The chancellor shall also have the following powers and duties:

…

(2a) Course materials. – The chancellor shall ensure that information about course materials is prominently displayed on the website of the laboratory school, in accordance with G.S. 115C-102.1.

…."

SECTION 7.10.(i) G.S. 115C-238.92, as enacted by this act, is amended by adding a new subdivision to read:

"(6a) G.S. 115C-2.1, Inform the public about course materials."

SECTION 7.10.(j) Except as otherwise provided, this section is effective when it becomes law and applies beginning with the display of course materials used during the 2023-2024 school year no later than June 30, 2024.

MODERNIZE SELECTION OF INSTRUCTIONAL MATERIALS

SECTION 7.11.(a) Part 3 of Article 8 of Chapter 115C of the General Statutes is repealed.

SECTION 7.11.(b) Article 8 of Chapter 115C of the General Statutes is amended by adding a new Part to read:

"Part 3C. Selection of Instructional Material.

"**§ 115C-102.20. Definition of instructional materials.**

(1) Curricula. – All current objectives, curricula materials, texts, and all other audiovisual or printed materials that are displayed or distributed to students.

(2) Health and safety programs. – Any instruction, curricula, or materials intended to impart information or promote discussion or understanding regarding any of the following, including instruction, curricula, or materials implemented to comply with any federal law, regulation, or guidance:

a. Reproductive health and safety, as provided in G.S. 115C-81.30(a).
b. Mental and emotional health, as provided in G.S. 115C-81.25(c)(1).
c. Growth and development, as provided in G.S. 115C-81.25(c)(9).
d. Anti-bullying or anti-harassment.

(3) Instructional materials. – Systematically organized material comprehensive enough to cover the primary objectives outlined in the standard course of study for a grade or course. Formats for instructional materials may be print or nonprint, including hardbound books, softbound books, activity-oriented programs, classroom kits, or digital resources that require the use of electronic equipment in order to be used in the learning process.

(4) Local committee. – A local community media advisory committee.

(5) Parent. – A student's parent or legal guardian.

(6) State Committee. – The State Community Media Advisory Committee.

(7) Supplemental materials. – Educational materials that supplement specific instruction for the standard course of study selected and procured by a local board of education for a grade or course or general education needs of the school. Supplemental materials may include textbooks, library books, periodicals, audiovisual materials, and other supplemental instructional materials needed for instructional purposes in the local school administrative unit. Supplemental materials may be print or nonprint, including hardbound books, softbound books, activity-oriented programs, classroom kits, or digital resources that require the use of electronic equipment in order to be used in the learning process.

(8) Unfit materials. – Instructional or supplemental materials determined to be inappropriate for use in an elementary or secondary school because the material is either (i) obscene, (ii) inappropriate to the age, maturity, or grade level of the students, or (iii) not aligned with the standard course of study.

"**§ 115C-102.25. Selection of instructional materials.**

(a) Local Board Adoption. – Local boards of education shall select and adopt instructional materials for each standard course of study at each instructional level in the elementary school and the secondary school adopted by the State Board of Education, as provided in Part 1 of Article 8 of this Chapter.

(b) Evaluation of Instructional Materials Prior to Adoption. – For each standard course of study, the local board of education may require experts employed by the local board of education and certified in the discipline in which the instructional material would be used to offer evaluation reports to the local board on materials being considered for adoption. Such evaluation reports should give special consideration to the suitability of the instructional materials to the instructional level for which it is offered, the content or subject matter, whether the instructional materials are aligned with the standard course of study, and other criteria prescribed by the local board.

"**§ 115C-102.30. Selection of supplemental materials.**

(a) Local boards of education shall adopt written policies concerning the procedures to be followed in their local school administrative units for the selection and procurement of supplemental materials for a grade or course or for general education needs at a school or throughout the entire local school administrative unit. Local boards of education shall have sole authority to select and procure supplemental materials, whether or not the materials contain commercial advertising, to determine if the materials are related to and within the limits of the prescribed curriculum, and to determine when the materials may be presented to students during the school day.

(b) Supplemental materials shall neither displace nor be used to the exclusion of instructional materials.

"**§ 115C-102.35. Selection of health and safety instructional and supplemental materials.**

(a) When adopting, modifying, or amending a health and safety program and the instructional and supplemental materials for that program, a local board of education shall conduct a public hearing after adequately notifying the public at least 10 days prior to the hearing.

(b) The local board of education shall also provide both electronic and written notice to all parents of students in the local school administrative unit of the public hearing and the opportunity to review those materials in the program repository, as provided in G.S. 115C-102.50, at least 60 days before the public hearing occurs.

(c) The notice to parents provided for in subsection (b) of this section shall include the following in both written and electronic form:

(1) A detailed description of the program's objectives and any proposed changes, including any topics that the local board of education determines that a reasonable parent in that community may wish to examine as to the age appropriateness of the topics.

(2) All written and audio materials that will be used.

(3) A link to, or information on how to access, the program repository on the local school administrative unit's website, as provided in G.S. 115C-102.50.

"**§ 115C-102.40. Acquisition of instructional and supplemental materials.**

(a) Funds allocated by the State Board of Education or appropriated in the current expense or capital outlay budgets of the local school administrative units shall be used by the local board of education for purchase, lease, or rental of instructional or supplemental materials and for hardware, software, or other equipment necessary for the use of the instructional or supplemental materials. The title of purchased materials and equipment shall be vested in the local board of education.

(b) Local boards of education are encouraged to partner with other local boards of education and other public schools to jointly purchase instructional and supplemental materials.

(c) All instructional materials purchased with State funds shall include a clause granting to the local board of education the license to produce braille, large print, and audio recording copies of the instructional materials for use in the local school administrative unit.

(d) The local board of education shall publish on the website of the local school administrative unit the title, author, and publisher of all instructional and supplemental materials purchased by the local board of education.

"**§ 115C-102.45. Provision and maintenance of instructional and supplemental materials.**

(a) The students of the public elementary and secondary schools of the State shall be provided with free instructional materials within the appropriation of the General Assembly for that purpose. The local board of education shall provide for the free use by students, with proper care and return, of elementary and secondary instructional materials. No local board of education may charge any student a rental fee for the use of instructional materials or for hardware, software, or other equipment necessary for the use of the instructional or supplemental materials.

(b) Local boards of education shall provide adequate and safe storage facilities for the proper care of instructional and supplemental materials and emphasize to all students the necessity for proper care of instructional and supplemental materials and equipment necessary for the use of the instructional materials.

(c) A student's parents or legal guardians may be charged damage fees for abuse or loss of instructional or supplemental materials or equipment necessary for the use of those materials under rules adopted by the local board of education. Damage fees collected under this subsection shall be used by the local board of education for purchase, lease, or rental of instructional and supplemental materials, as provided in G.S. 115C-102.40.

"**§ 115C-102.50. Instructional materials repository.**

(a) A local board of education shall maintain a continuous repository of current instructional and supplemental materials that have been selected and acquired by the local board

of education pursuant to this Article. The repository shall not be required to include classroom materials developed by teachers. The materials shall be maintained at a central location for in-person review by parents and the public upon request, and the names of all those materials shall be posted to the local school administrative unit's website for review by parents and the public.

(b) In addition to the requirements of subsection (a) of this section, a local board of education shall also maintain a continuous repository of current objectives, entire curricula, texts, and all other materials used in any health and safety program as follows:

(1) The current objectives, entire curricula, texts, and all other materials used in any health and safety program shall be maintained at a central location for in-person review by parents and the public upon request.

(2) Electronic copies of the current objectives and names of curricula, texts, or any other materials used in any health and safety program shall be posted to the local school administrative unit's website for review by parents and the public. The website shall also include the curricula, texts, and any other materials used in the health and safety program, including links to any materials available on the publisher's website.

(3) The local board of education shall add to the central location and electronic repository any objectives, curricula, texts, and other materials that may be proposed for adoption, amendment, or modification to the health and safety program and shall clearly indicate that status while the materials are under consideration.

(c) Each school year, at least 14 days before students participate in a health and safety program, a local board of education shall give both written and electronic notice to parents of students participating in that program of the right of parents to review the objectives, complete materials, and entire curriculum of that program in the program repository maintained by the local board of education, as provided in subsection (b) of this section. The notice shall include the same information provided under G.S. 115C-102.35(c). The notice shall be in conjunction with and combination with the notice and requirements to inform parents of the local board of education's policy for participation in certain health and safety programs, as established in G.S. 115C-81.32.

"**§ 115C-102.55. Right to purchase; disposal of textbooks and materials.**

(a) Any parent, guardian, or person in loco parentis may purchase any instructional material needed for any student in the public schools of the State from the board of education of the local school administrative unit in which the child is enrolled, if the board of education holds title to the instructional material, as described in G.S. 115C-102.40(a).

(b) Notwithstanding Article 3A of Chapter 143 of the General Statutes, G.S. 143-49(4), or any other provision of law, a local board of education may dispose of discontinued instructional or supplemental materials.

"**§ 115C-102.60. Local community media advisory committee.**

(a) A local board of education shall establish a local community media advisory committee to investigate and evaluate challenges from parents, teachers, and members of the public to instructional materials and supplemental materials on the grounds that they are unfit materials. This section does not apply to optional supplemental materials available through the school library.

(b) The local committee shall, at a minimum, include the following:

(1) A principal from a high school, middle school, and elementary school, respectively.

(2) A teacher from a high school, middle school, and elementary school, respectively.

(3) A parent of a student in high school or middle school and a parent of a student in elementary school.

(4) A school library media coordinator from a high school, middle school, and elementary school, respectively.

(c) Individuals challenging unfit materials shall make challenges in writing to the local board of education and shall specify whether the materials are being challenged on the grounds of being (i) obscene, (ii) inappropriate to the age, maturity, or grade level of the students, or (iii) not aligned with the standard course of study.

(d) Within two weeks of the filing of the challenge, the local committee shall hold a hearing and provide the challengers an opportunity to present their concerns to the local committee. The local committee may, in the local committee's discretion, request additional information at the hearing from experts on the subject matter employed by the local school administrative unit. Within two weeks of the hearing, the local committee shall make a recommendation to the local board of education on whether the challenge has merit and whether the challenged material should be retained or removed as unfit material. The local committee's determination shall be limited to considerations of whether the material is unfit on the specific grounds of the material being (i) obscene, (ii) inappropriate to the age, maturity, or grade level of the students, or (iii) not aligned with the standard course of study.

(e) At the next meeting of the local board of education after the local committee's recommendation is received, the local board shall determine whether the challenge has merit and whether the challenged material should be retained or removed as unfit material.

(f) If the local board of education determines that the challenged material shall be retained, a challenger may appeal the local board's decision to the State Community Media Advisory Committee. The challenger must make the appeal in the form and manner designated by the State Board of Education within two weeks of the local board's decision.

"**§ 115C-102.65. State Community Media Advisory Committee.**

(a) The State Board of Education shall establish a State Community Media Advisory Committee to review challenges to instructional and supplemental materials appealed under G.S. 115C-102.55.

(b) The State Committee shall, at a minimum, include the following:

(1) The State Superintendent of Public Instruction or designee.

(2) One superintendent of a local school administrative unit.

(3) A principal from a high school, middle school, and elementary school, respectively.

(4) A teacher from a high school, middle school, and elementary school, respectively.

(5) A parent of a student in high school or middle school and a parent of a student in elementary school.

(6) A school library media coordinator from a high school, middle school, and elementary school, respectively.

(c) A member of the State Committee may be recused from any challenge to materials used in the local school administrative unit in which the member is employed or in which the member's child is enrolled.

(d) The State Board of Education shall designate the form and manner for appeals to be made to the State Committee. Upon receipt of an appeal, notice and a copy of the appeal shall be provided to the local board of education.

(e) Within four weeks of the filing of the appeal, the State Committee shall hold a hearing and provide the appellants an opportunity to present concerns to the State Committee as well as the local board of education an opportunity to rebut those concerns. The State Committee may, in the State Committee's discretion, request additional information at the hearing from experts on the subject matter employed by the State Board of Education. Within two weeks of the hearing,

the State Committee shall make a recommendation to the State Board of Education on whether the appealed challenge has merit and whether the challenged material should be retained or removed as unfit material. The State Committee's determination shall be limited to considerations of whether the material is unfit on the specific grounds of the material being (i) obscene, (ii) inappropriate to the age, maturity, or grade level of the students, or (iii) not aligned with the standard course of study.

(f) At the next meeting of the State Board of Education after the State Committee's recommendation is received, the State Board shall determine whether the appealed challenge has merit and whether the challenged material should be retained or removed as unfit material. If the State Board of Education determines that challenged material shall be removed, the local board of education shall remove the material. The decision of the State Board of Education is final and is not subject to appeal by the local board of education or challenger."

SECTION 7.11.(c) G.S. 115C-11(d) reads as rewritten:

"(d) Voting. – No voting by proxy shall be permitted. ~~Except in voting on textbook adoptions, a~~ A majority of those present and voting shall be necessary to carry a motion and a roll call vote shall be had on each motion. A record of all such votes shall be kept in the minute book."

SECTION 7.11.(d) G.S. 115C-11(e) is repealed.

SECTION 7.11.(e) G.S. 115C-12(9)b. is repealed.

SECTION 7.11.(f) G.S. 115C-12(18)d. reads as rewritten:

"d. The State Board of Education shall modify the Uniform Education Reporting System to provide clear, accurate, and standard information on the use of funds at the unit and school level. The plan shall provide information that will enable the General Assembly to determine State, local, and federal expenditures for personnel at the unit and school level. The plan also shall allow the tracking of expenditures for ~~textbooks,~~ instructional materials, educational supplies and equipment, capital outlay, at-risk students, and other purposes."

SECTION 7.11.(g) G.S. 115C-47(6) reads as rewritten:

"(6) To Regulate Fees, Charges and Solicitations. – Local boards of education shall adopt rules and regulations governing solicitations of, sales to, and fund-raising activities conducted by, the students and faculty members in schools under their jurisdiction, and no fees, charges, or costs shall be collected from students and school personnel without approval of the board of education as recorded in the minutes of said ~~board; provided, this subdivision shall not apply to such textbooks fees as are determined and established by the State Board of Education.~~ Board. The local board of education shall publish a schedule of fees, charges, and solicitations approved by the local board on the local school administrative unit's Web site by October 15 of each school year and, if the schedule is subsequently revised, within 30 days following the revision."

SECTION 7.11.(h) G.S. 115C-47(33) reads as rewritten:

"(33) To Approve and Use Supplemental Materials. – Local boards of education shall have sole authority to select and procure ~~supplementary instructional~~ supplemental materials, whether or not the materials contain commercial advertising, pursuant to the provisions of ~~G.S. 115C-98(b).~~Part 3C of Article 8 of this Chapter."

SECTION 7.11.(i) G.S. 115C-47(33a) reads as rewritten:

"(33a) To Approve and Use ~~Textbooks Not Adopted by State Board of Education.~~ Instructional Materials. – Local boards of education shall have the sole authority to select, procure, and use ~~textbooks not adopted by the State Board~~

~~of Education~~ instructional materials as provided in ~~G.S. 115C-98(b1).~~Part 3C of Article 8 of this Chapter."

SECTION 7.11.(j) G.S. 115C-81.5(b)(3) is repealed.

SECTION 7.11.(k) G.S. 115C-81.25(b)(3) is repealed.

SECTION 7.11.(*l*) G.S. 115C-81.25(d) reads as rewritten:

"(d) Parental Review. – The State Board of Education shall make available to all local school administrative units for review by the parents and legal guardians of students enrolled at those units any State-developed objectives for ~~instruction any approved textbooks,~~ instruction, the list of reviewed materials, and any other State-developed or approved materials that pertain to or are intended to impart information or promote discussion or understanding in regard to the prevention of sexually transmitted diseases, including HIV/AIDS, to the avoidance of out-of-wedlock pregnancy, or to the reproductive health and safety education curriculum. The review period shall extend for at least 60 days before use."

SECTION 7.11.(m) G.S. 115C-242(3) reads as rewritten:

"(3) The board of education of any local school administrative unit may operate the school buses of such unit one day prior to the opening of the regular school term for the transportation of pupils and employees to and from the school to which such pupils are assigned or in which they are enrolled and such employees are employed, for the purposes of the registration of students, the organization of classes, the distribution of ~~textbooks,~~ instructional materials, and such other purposes as will, in the opinion of the superintendent of the schools of such unit, promote the efficient organization and operation of such public schools."

SECTION 7.11.(n) G.S. 115C-271(d)(2) reads as rewritten:

"(2) Local funds appropriated for teachers, ~~textbooks,~~ instructional materials, or classroom materials, supplies, and equipment are not transferred or used for this purpose."

SECTION 7.11.(o) G.S. 115C-384(c) reads as rewritten:

"(c) Rental Fees for ~~Textbooks~~ Instructional Materials Prohibited; Damage Fees Authorized. – No rental fees are permitted for the use of ~~textbooks,~~ instructional materials, but damage fees may be collected pursuant to the provisions of ~~G.S. 115C-100.~~G.S. 115C-102.45."

SECTION 7.11.(p) G.S. 115C-390.2(*l*)(1) reads as rewritten:

"(1) The opportunity to take ~~textbooks~~ instructional materials and school-furnished digital devices home for the duration of the absence."

SECTION 7.11.(q) G.S. 115C-390.5(c)(1) reads as rewritten:

"(1) The opportunity to take ~~textbooks~~ instructional materials home for the duration of the suspension."

SECTION 7.11.(r) G.S. 115C-398 reads as rewritten:

"**§ 115C-398. Damage to school buildings, furnishings, ~~textbooks.~~instructional materials.**

Students and their parents or legal guardians may be liable for damage to school buildings, furnishings and ~~textbooks~~ instructional materials pursuant to the provisions of G.S. 115C-523, 115C-100 and 14-132."

SECTION 7.11.(s) G.S. 143A-48 is repealed.

SECTION 7.11.(t) G.S. 143C-9-7(b) reads as rewritten:

"(b) Upon appropriation by the General Assembly, funds received in the Indian Gaming Education Revenue Fund shall be allocated quarterly by the State Board of Education to local school administrative units, charter schools, and regional schools on the basis of allotted average daily membership. The funds allotted by the State Board of Education pursuant to this section shall be nonreverting. Funds received pursuant to this section by local school administrative units shall be expended for classroom teachers, teacher assistants, classroom materials or supplies, or ~~textbooks.~~instructional materials."

SECTION 7.11.(u) Effective July 1, 2023, the existing Textbooks and Digital Resources funding allotment in the State Public School Fund shall be designated as the Instructional Materials funding allotment in the State Public School Fund. The State Board of Education shall establish the purposes for which the funds within the new Instructional Materials funding allotment may be used as follows: (i) to acquire instructional or supplemental materials as defined in G.S. 115C-102.20, as enacted by this section, and (ii) to acquire software necessary for the use of the instructional or supplemental materials.

SECTION 7.11.(v) G.S. 115C-105.25(b)(12) reads as rewritten:

"(12) Funds allotted for ~~textbooks and digital resources~~ instructional materials may only be used ~~for the purchase of textbooks and digital resources.~~ To acquire instructional and supplemental materials, as defined in G.S. 115C-102.20, and to acquire software necessary for the use of the instructional or supplemental materials. These funds shall not be transferred out of the allotment for any other purpose."

SECTION 7.11.(w) G.S. 115C-81.30(b) and (c) are repealed.

SECTION 7.11.(x) Article 8 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-81.32. Parents' right to opt in or out of health and safety programs.**

Local boards of education shall adopt policies to provide opportunities either for parents to consent or for parents to withhold their consent to the students' participation in any or all of the health and safety programs included in subdivision (2) of G.S. 115C-102.20 provided by the local school administrative unit. Local boards of education shall provide notice to parents of this opportunity at least 14 days before students participate in the health and safety programs, in conjunction with and combination with the notice required by G.S. 115C-102.50. The notice shall inform parents of the local board's policy for participation in the health and safety programs and provide a form that allows parents to exercise parental rights under that policy."

SECTION 7.11.(y) G.S. 115C-81.30(c) is repealed.

SECTION 7.11.(z) No local board of education shall be required to hold a public hearing for any program, as defined in this section, in use prior to the 2023-2024 school year until that program is amended, modified, or replaced. All local boards of education shall establish a program repository of current programs, as defined in this section, for access to parents prior to the start of the 2023-2024 school year and shall not implement any program until that program is included in the repository.

SECTION 7.11.(aa) This section is effective when it becomes law and applies beginning with the 2023-2024 school year.

ABOLISH CERTAIN UNFILLED POSITIONS

SECTION 7.12. The following positions vacant for longer than two years are abolished as of July 1, 2023:

(1) 60009659.
(2) 60009654.
(3) 60009651.
(4) 60009667.

The Department may reestablish these or create substantially similar positions as needed within funds available pursuant to G.S. 115C-546.2(e).

CAREER EXPLORATION AND DEVELOPMENT PLANS

SECTION 7.13.(a) Part 1 of Article 8 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-81.12. Career pathways course.**

The State Board shall develop standards for a middle school course in which students investigate and learn about career pathways. The standards shall align with the requirements for career development plans under G.S. 115C-158.10(c). All students in grade seven shall complete the course, and, by the conclusion of the course, students shall complete a career development plan as required under G.S. 115C-158.10(a)."

SECTION 7.13.(b) Article 10 of Chapter 115C of the General Statutes is amended by adding a new Part to read:

"Part 1A. Career Development Plans.

"**§ 115C-158.10. Career development plans.**

(a) All middle and high school students enrolled in a local school administrative unit shall complete a career development plan that meets the requirements of this section. The local board of education shall ensure that students are provided assistance in completion of the plan as well as instruction on how to access that plan throughout the student's enrollment. A student shall not be promoted from seventh grade until a career development plan is created and shall not be promoted from tenth grade until the career development plan is revised. Local boards of education are encouraged to require more frequent revisions as appropriate. Charter schools are encouraged to require participation in career development plans for students in accordance with this section.

(b) Local boards of education shall ensure that career development plans are easily accessible to students and parents and shall provide parents written notice of the initial creation of a career development plan and information on how to access the plan.

(c) The State Board of Education shall adopt rules establishing minimum requirements for career development plans and shall require local boards of education to provide access to all career development plans through a designated electronic application. Career development plans shall include at least the following:

(1) Self-assessment of the student's aptitudes, skills, values, personality, and career interests.

(2) Exploration and identification of pathways for careers aligned with the student's self-assessment that include the following for each career:

a. Identification of needed education, training, and certifications.

b. Information on the most cost-efficient path to entry.

c. Opportunities within the school setting to explore and prepare for the career.

(3) Alignment of academic courses and extracurricular activities with the student's identified career interests, including the following:

a. Inventory of aligned courses in middle and high school in grades six through 10, and development of best strategies for course selection in grades 11 and 12 to achieve identified career interests.

b. Available record of the following:

1. Completed dual-enrollment courses.

2. Extracurricular activities.

3. Awards and recognitions.

(4) Creation of a career portfolio, which may include items such as the following:

a. Documentation of postsecondary plans.

b. Completion of the Free Application for Federal Student Aid with parental consent.

c. Resume.

d. Occupational outlook for identified career interests."

SECTION 7.13.(c) G.S. 115C-218.75 is amended by adding a new subsection to read:

"(k) Career Development Plans. – A charter school is encouraged to adopt a policy to require all middle and high school students to complete a career development plan in accordance with G.S. 115C-158.10."

SECTION 7.13.(d) The State Board of Education shall establish a pilot of at least 20 local school administrative units during the 2023-2024 school year to develop the plan requirements and professional development necessary for successful statewide implementation of career development plans in the 2024-2025 school year. The State Board of Education shall direct the Department of Public Instruction to develop and provide a career development plan electronic application to local boards of education and participating charter schools no later than the 2024-2025 school year that will provide access for all students and parents to the student's career development plan and will integrate with career information available through other State agencies.

SECTION 7.13.(e) The Department of Public Instruction and the local boards of education, as appropriate, shall provide or cause to be provided, prior to the start of the 2024-2025 school year, curriculum content for the course required in subsection (a) of this section and professional development to ensure that the intent and provisions of this section are carried out.

SECTION 7.13.(f) Subsections (a), (b), (c), and (e) of this section become effective beginning with the 2024-2025 school year. The remainder of this section becomes effective July 1, 2023.

CTE PATHWAYS

SECTION 7.14. The Department of Public Instruction, in consultation with the Board of Governors of The University of North Carolina and the State Board of Community Colleges, shall study and develop alternative graduation requirements for students following certain career paths chosen in the process of creating career development plans pursuant to G.S. 115C-158.10, as enacted by this act. Recommended graduation requirements shall align with either the minimum undergraduate course requirements for admission to the constituent institutions of The University of North Carolina or the standards and requirements for admission to a certificate or diploma course established by the State Board of Community Colleges. The Department shall report to the Joint Legislative Education Oversight Committee by July 15, 2024, on at least the following:

(1) The different alternative diplomas being recommended.
(2) The requirements to graduate with each of the alternative diplomas.
(3) How the requirements for graduation with each of the alternative diplomas compares to graduation requirements from neighboring states.
(4) Any estimated costs that would be incurred by either the Department or public school units in offering alternative diplomas.
(5) Any other information the Department deems necessary.

REMAINING ESSER FUNDS TO FAILURE FREE READING PROGRAM AND ST MATH

SECTION 7.15.(a) Of the funds to be reallocated pursuant to Section 3.5(a)(37)b. of S.L. 2021-25, as enacted by S.L. 2021-180, up to three hundred thousand dollars ($300,000) shall be used to continue or expand the Failure Free Reading program created by Section 3.5(a)(26) of S.L. 2021-25, as enacted by S.L. 2021-180, to address learning loss due to the COVID-19 pandemic. Any school that received funds to participate in the Failure Free Reading program shall be eligible to receive funds pursuant to this subsection.

SECTION 7.15.(b) Of the funds to be reallocated pursuant to Section 3.5(a)(37)b. of S.L. 2021-25, as enacted by S.L. 2021-180, up to two million dollars ($2,000,000) shall be used to contract with International MIND Education Institute, Inc., for their ST Math program to address learning loss in math due to the COVID-19 pandemic.

STANDARDS ADVISORY COMMISSION

SECTION 7.16.(a) G.S. 115C-12(9c) reads as rewritten:

"(9c) Power to Develop Content Standards. – The Board shall adopt the standard course of study as provided in Part 1 of Article 8 of this Chapter.

~~a. The Board shall develop a comprehensive plan to revise content standards and the standard course of study in the core academic areas of reading, writing, mathematics, science, history, geography, and civics. The Board shall involve and survey a representative sample of parents, teachers, and the public to help determine academic content standard priorities and usefulness of the content standards. A full review of available and relevant academic content standards that are rigorous, specific, sequenced, clear, focused, and measurable, whenever possible, shall be a part of the process of the development of content standards. The revised content standards developed in the core academic areas shall (i) reflect high expectations for students and an in-depth mastery of the content; (ii) be clearly grounded in the content of each academic area; (iii) be defined grade by grade and course-by-course; (iv) be understandable to parents and teachers; (v) be developed in full recognition of the time available to teach the core academic areas at each grade level; and (vi) be measurable, whenever possible, in a reliable, valid, and efficient manner for accountability purposes.~~

~~b. High school course content standards shall include the knowledge and skills necessary to pursue further postsecondary education or to attain employment in the 21st century economy. The high school course content standards also shall be aligned with the minimum undergraduate course requirements for admission to the constituent institutions of The University of North Carolina.~~

~~c. The Board also shall develop and implement an ongoing process to align State programs and support materials with the revised academic content standards for each core academic area on a regular basis. Alignment shall include revising textbook criteria, support materials, State tests, teacher and school administrator preparation, and ongoing professional development programs to be compatible with content standards. The Board shall develop and make available to teachers and parents support materials, including teacher and parent guides, for academic content standards. The State Board of Education shall work in collaboration with the Board of Governors of The University of North Carolina to ensure that teacher and school administrator degree programs, ongoing professional development, and other university activity in the State's public schools align with the State Board's priorities.~~"

SECTION 7.16.(b) G.S. 115C-81.5 reads as rewritten:

"**§ 115C-81.5. Standard course of study.**

(a) All children can learn. It is the intent of the General Assembly that the mission of the public school community is to challenge with high expectations each child to learn, to achieve, and to fulfill his or her potential. With that mission as its guide, the State Board of Education shall adopt a plan of education and a standard course of study as provided in ~~G.S. 115C-12(9c)~~ this Part for the public schools of the State. It is the intent of the General Assembly that the focus of State educational funding shall be to ensure that each student receives a sound basic education.

It is further a goal of the General Assembly to provide supplemental funds to low-wealth counties to allow those counties to enhance the instructional program and student achievement. Instruction shall be offered in the areas of arts, communication skills, physical education and personal health and safety, mathematics, media and computer skills, science, second languages, social studies, and career and technical education. In addition, instruction shall be offered in all of the areas provided in this Part.

(b) The standard course of study shall provide all of the following:

(1) A core curriculum for all students that takes into account the special needs of children.

(2) A set of competencies, by grade level, for each curriculum area.

(3) A list of textbooks for use in providing the curriculum.

(4) Standards for student performance and promotion based on the mastery of competencies, including standards for graduation, that take into account children with disabilities and, in particular, include appropriate modifications.

(5) A program of remedial education.

(6) Required support programs.

(7) A definition of the instructional day.

(8) Class size recommendations and requirements.

(9) Prescribed staffing allotment ratios.

(10) Material and equipment allotment ratios.

(11) Facilities guidelines that reflect educational program appropriateness, long-term cost efficiency, and safety considerations.

(12) Any other information the Board considers appropriate and necessary."

SECTION 7.16.(c) Article 8 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-81.6. SCOS Commission.**

(a) There is established the Standard Course of Study Advisory Commission, hereinafter referred to as the SCOS Commission. The purpose of the Commission is to involve stakeholders in establishing the standard course of study. The Commission shall make recommendations regarding all aspects of the standards and competencies of the standard course of study.

(b) The Commission shall be located administratively in the Department of Public Instruction but shall exercise all of its powers and duties independently of the Department of Public Instruction.

(c) The Commission shall consist of the following members:

(1) The General Assembly, upon the recommendation of the President Pro Tempore of the Senate, shall appoint the following eight members:

a. One superintendent of a public school unit with a student population greater than 20,000 at the time of appointment.

b. One principal of an elementary school.

c. One high school teacher.

d. One elementary school teacher.

e. One parent of a student in middle or high school enrolled in a public school unit at the time of appointment.

f. One curriculum specialist from a public school unit with a student population of 20,000 or less at the time of appointment.

g. One member of the business community.

h. One at-large member.

(2) The General Assembly, upon the recommendation of the Speaker of the House of Representatives, shall appoint the following eight members:

a. One superintendent of a public school unit with a student population of 20,000 or less at the time of appointment.

b. One principal of a high school.
c. One principal of a middle school.
d. One middle school teacher.
e. One parent of a student in elementary school enrolled in a public school unit at the time of appointment.
f. One curriculum specialist from a public school unit with a student population of more than 20,000 at the time of appointment.
g. One member of the business community.
h. One at-large member.

(3) The Superintendent of Public Instruction or his or her designee.

(4) The President of the North Carolina Community College System, or the President's designee, as a nonvoting member.

(5) The President of The University of North Carolina, or the President's designee, as a nonvoting member.

(6) The President of the North Carolina Chamber, or the President's designee, as a nonvoting member.

(d) In making appointments to the Commission, the General Assembly is encouraged to select qualified citizens who are committed to improving the standard course of study and student achievement and who represent the racial, geographic, and gender diversity of the State. Vacancies in the membership shall be filled by the General Assembly, as provided in G.S. 120-122, using the same criteria as provided in subsection (c) of this section.

(e) Members of the Commission shall serve four-year terms of office beginning on July 1. No appointed member shall serve more than eight consecutive years. Vacancy appointments shall be made for the remainder of the term of office by the General Assembly as provided in G.S. 120-122, using the same criteria as provided in subsection (c) of this section.

(f) The Commission shall elect a chair, a vice-chair, and a secretary from among its membership. In the absence of the chair, the vice-chair shall preside over the Commission's meetings. All members are voting members and a majority of the Commission constitutes a quorum. The Commission shall adopt rules to govern its proceedings.

(g) Meetings of the Commission shall be held upon the call of the chair or the vice-chair in the absence of the chair. The Superintendent shall call the initial meeting of the Commission.

(h) Members of the Commission shall receive compensation for their services and reimbursement for expenses incurred in the performance of their duties required by this Article at the rate prescribed in G.S. 138-5 and G.S. 138-6.

(i) The Superintendent of Public Instruction shall assign staff to assist the Commission's work. The Commission may contract with content area experts to assist in its deliberations from funds available.

(j) The Commission shall:

(1) Develop and recommend to the State Board of Education the standard course of study in accordance with G.S. 115C-81.7.

(2) Develop support materials, including teacher and parent guides, for academic content standards that can be made available to teachers and parents upon approval by the State Board.

(3) Provide recommendations as requested to the State Board of Education related to alignment of State programs and support materials with the revised academic content standards for each core academic area, including revising textbook criteria, support materials, State tests, teacher and school administrator preparation, and ongoing professional development programs to be compatible with content standards.

(k) The Commission shall submit its recommendations under subsection (j) of this section to the State Board. The State Board shall adopt or reject the recommended standard course of

study. The State Board shall not make any substantive changes to any recommended standard course of study that it adopts. If the State Board rejects the recommendation, it shall state with specificity its reasons for rejection; the Commission may then amend the recommendation and resubmit it to the State Board. The State Board shall adopt or reject the amended recommendation.

(*l*) If the State Board fails to adopt the Commission's original and amended recommendations as provided in subsection (k) of this section, the State Board may develop and adopt its own recommended standard course of study, subject to the requirements of G.S. 115C-81.8.

(m) The Commission shall submit a report by December 1, 2024, and annually thereafter, to the Joint Legislative Education Oversight Committee and the State Board of Education of its activities during the preceding year, together with any recommendations and findings regarding the process for revisions to the standard course of study."

SECTION 7.16.(d) Article 8 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-81.7. Development of standard course of study.**

(a) The State Board shall develop a comprehensive plan to revise, on a regular basis, content standards and the standard course of study in the core academic areas of reading, writing, mathematics, science, history, geography, and civics that clearly designates by year the subjects for review by the Commission. The State Board shall provide this plan to the Commission. The Commission shall review the designated subjects and standard course of study in accordance with the plan developed by the State Board.

(b) The Commission shall involve and survey a representative sample of parents, teachers, and the public to help determine academic content standard priorities and usefulness of the content standards. A full review of available and relevant academic content standards that are rigorous, specific, sequenced, clear, focused, and measurable, whenever possible, shall be a part of the process of the development of content standards. The revised content standards developed in the core academic areas shall do all of the following:

(1) Reflect high expectations for students and an in-depth mastery of the content.

(2) Be clearly grounded in the content of each academic area.

(3) Be defined grade-by-grade and course-by-course.

(4) Be understandable to parents and teachers.

(5) Be developed in full recognition of the time available to teach the core academic areas at each grade level.

(6) Be measurable, whenever possible, in a reliable, valid, and efficient manner for accountability purposes.

(c) High school course content standards shall include the knowledge and skills necessary to pursue further postsecondary education or to attain employment in the twenty-first century economy. The high school course content standards also shall be aligned with the minimum undergraduate course requirements for admission to the constituent institutions of The University of North Carolina.

(d) The State Board, in consultation with the Commission, shall also develop and implement an ongoing process to align State programs and support materials with the revised academic content standards for each core academic area on a regular basis. Alignment shall include revising textbook criteria, support materials, State tests, teacher and school administrator preparation, and ongoing professional development programs to be compatible with content standards.

(e) The State Board shall work in collaboration with the Board of Governors of The University of North Carolina to ensure that teacher and school administrator degree programs, ongoing professional development, and other university activity in the State's public schools align with the State Board's priorities."

SECTION 7.16.(e) Article 8 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-81.8. Review of standard course of study developed by State Board.**

(a) Prior to implementation of a standard or competency of the standard course of study adopted as provided in G.S. 115C-81.6(*l*), the State Board of Education shall submit a report of the proposed changes to the Joint Legislative Education Oversight Committee. The report shall contain the following:

(1) A copy of the existing standard or competency of the standard course of study in a format that includes page and line numbers for the text with the material struck through that is being deleted and the material underlined that is being added.

(2) An explanation of the reasons for the changes.

(3) A copy of the minutes of each State Board meeting where the proposed changes were discussed.

(b) A change to a standard, competency, or content of the standard course of study that has been submitted to the Joint Legislative Education Oversight Committee may be implemented as follows:

(1) Except as provided in subdivision (2) of this subsection, a change may be implemented following the thirty-first legislative day after the date the State Board submits the change to the Joint Legislative Education Oversight Committee.

(2) If a bill that specifically disapproves the change is introduced in either house of the General Assembly by the thirty-first legislative day following the submission of a change to the Joint Legislative Education Oversight Committee, the change becomes effective on the earlier of (i) the day an unfavorable final action is taken on the bill or (ii) the day that session of the General Assembly adjourns without ratifying a bill that specifically disapproves the rule.

(3) A change that is specifically disapproved by a bill enacted into law before it becomes effective shall not be implemented. A bill specifically disapproves a change if it contains a provision that refers to the report submitted to the Joint Legislative Education Oversight Committee by title and date and the specific change by page and line number in the report that is disapproved. Notwithstanding any rule of either house of the General Assembly, any member of the General Assembly may introduce a bill at any time during any regular session to disapprove a change that has been submitted to the Joint Legislative Education Oversight Committee that has not become effective."

SECTION 7.16.(f) G.S. 150B-1(d) is amended by adding a new subdivision to read:

"(33) The State Board of Education with respect to adoption of the standard course of study as required by Part 1 of Article 8 of Chapter 115C of the General Statutes."

SECTION 7.16.(g) Initial appointments to the Standard Course of Study Advisory Commission shall be made by the General Assembly for terms beginning July 1, 2023, and shall be appointed as follows:

(1) Notwithstanding G.S. 115C-81.6, as enacted by this act, members appointed pursuant to G.S. 115C-81.6(c)(1)a., c., e., and g. and G.S. 115C-81.6(c)(2)b., d., f., and h. shall be appointed for two-year terms.

(2) Members appointed pursuant to G.S. 115C-81.6(c)(1)b., d., f., and h. and G.S. 115C-81.6(c)(2)a., c., e., and g. shall be appointed for four-year terms.

SECTION 7.16.(h) Notwithstanding G.S. 115C-81.7(a), the Standard Course of Study Advisory Commission shall review the social studies standard course of study during the

2023-2024 school year and provide recommendations to the State Board of Education no later than January 1, 2025.

SECTION 7.16.(i) This section is effective when it becomes law and applies to all standard courses of study implemented on or after that date.

ONLINE DIGITAL INSTRUCTION

SECTION 7.17. Subsection (c) of Section 7.23K of S.L. 2017-57 is repealed.

CODIFY AND MODIFY RENEWAL SCHOOLS

SECTION 7.18.(a) Article 16 of Chapter 115C of the General Statutes is amended by adding a new Part to read:

"Part 12. Renewal School Systems.

"**§ 115C-238.90. Definitions.**

The following definitions apply in this Part:

(1) Eligible local board of education. – A local board of education of a local school administrative unit that meets one of the following criteria:

a. For data applicable to the 2017-2018 school year, the local school administrative unit meets all of the following:

1. Greatest percentage of restart model schools in the State approved by the State Board of Education pursuant to G.S. 115C-105.37B(a)(2).

2. Eligible for low-wealth supplemental funding.

3. An average daily membership of more than 10,000 students.

b. For data applicable to the 2021-2022 school year, the local school administrative unit meets all of the following:

1. At least sixty percent (60%) of schools within the unit met or exceeded growth.

2. Expended less than six thousand seven hundred dollars ($6,700) per pupil of funding received from State sources.

(2) Renewal school system. – A local school administrative unit that is operating under an approved renewal school system plan.

(3) Renewal school system plan. – A local school administrative unit renewal plan approved by the State Board of Education pursuant to G.S. 115C-238.91.

"**§ 115C-238.91. Submission of renewal school system plans; purpose; approval by State Board.**

(a) Submission of Renewal School System Plans; Purpose. – An eligible local board of education of a local school administrative unit may submit a renewal school system plan to the State Board of Education to permit the eligible local board of education to decide all matters related to the operation of the schools under its control within the local school administrative unit, including use of State funds, curriculum, and operating procedures, except as otherwise provided in this Part. The purpose of operating the local school administrative unit under a renewal school system plan shall be for the eligible local board of education to design and create a comprehensive, innovative strategic vision for sustainable school improvement and student achievement through the delivery of instruction and resources tailored to the needs of the students and the community.

(b) Review of the Renewal School System Plan. – An eligible local board of education shall submit an application prior to July 1 to begin operation of the renewal school system plan for the next school year. The State Board shall review, in consultation with the Superintendent of Public Instruction, a renewal school system plan that meets the requirements of this section and notify the board within 30 days of submission of the plan to the State Board. An eligible

local board of education shall include at least the following components in its renewal school system plan:

(1) A resolution adopted by the eligible local board of education to implement the plan in the local school administrative unit.

(2) A description of how the plan shall meet the purpose set forth in subsection (a) of this section and an outline of strategic goals, including improving student achievement and at least the following:

a. Policies and support services that will enhance the ability of each school in the local school administrative unit to achieve its own strategic vision and plan within the context of the local school administrative unit's vision.

b. Strategies for attaining and retaining high quality instructional, support, and administrative school personnel employed by the eligible local board of education.

c. Methods for the analysis of data to ensure the eligible local board of education is meeting its strategic goals.

(c) State Board Approval. – The State Board may approve a renewal school system plan that meets the requirements of this section upon a recommendation from the Superintendent of Public Instruction. The State Board may also establish a proposed initial term of operation for the plan with a schedule for extensions. In accordance with subsection (a) of this section, the renewal school system shall be exempt from statutes and rules applicable to other local school administrative units for the purpose of operating its schools, except as otherwise provided in this Part. For the purposes of federal law and administration of State law, a renewal school system shall be considered a local school administrative unit.

"**§ 115C-238.92. Applicability of certain statutes.**

A renewal school system shall be subject to the following Articles and sections of this Chapter:

(1) Article 1, Definitions and Preliminary Provisions.

(2) Article 5, Local Boards of Education, except for the following subdivisions of G.S. 115C-47, Powers and duties generally:

a. (5) (To Fix Time of Opening and Closing Schools).

b. (10) (To Assure Appropriate Class Size).

c. (11) (To Determine School Calendar).

d. (13) (To Elect a Superintendent).

e. (14) (To Supply an Office, Equipment and Clerical Assistance for the Superintendent).

f. (15) (To Prescribe Duties of Superintendent).

g. (16) (To Remove a Superintendent, When Necessary).

h. (17) (To Employ Assistant Superintendents and Supervisors).

i. (18a) (To Adopt Rules and Policies Limiting the Noninstructional Duties of Teachers).

j. (21) (Employee Salary Schedules).

k. (32) (To Refer All Students Who Drop Out of the Public Schools to Appropriate Services).

l. (32a) (To Establish Alternative Learning Programs and Develop Policies and Guidelines).

m. (34a) (To Establish Work-Based Opportunities and Encourage High School to Work Partnerships).

n. (35) (To Produce School Building Improvement Reports).

o. (38) (To Establish School Improvement Teams).

p. (65) (To Provide Information About Child Abuse and Neglect).

(3) Article 7, Organization of Schools.
(4) G.S. 115C-81.30, Reproductive health and safety education provided by local school administrative units.
(5) G.S. 115C-81.65, Financial literacy.
(6) Part 1A, North Carolina Read to Achieve Program, and Part 1B of Article 8, School Performance.
(7) Article 9, Education of Children With Disabilities.
(8) Part 3, Preliminary Scholastic Aptitude Test Opportunities Encouraged, and Part 5, Career and College Readiness, of Article 10A.
(9) Article 8C, Local Safety Plans, except G.S. 115C-105.47A, Proposals to establish alternative learning programs or alternative schools, and G.S. 115C-105.48, Placement of students in alternative schools/alternative learning programs.
(10) Subsections (c) through (e) of G.S. 115C-218.105, State and local funds for a charter school.
(11) Part 9 of Article 16, Cooperative Innovative High School Programs.
(12) Part 2 of Article 17, Food Service.
(13) Article 21A, Privacy of Employee Personnel Records.
(14) G.S. 115C-325, System of employment for public school teachers, Part 6, Criminal History Checks, and Part 8, Sexual Harassment Policies, of Article 22.
(15) Article 23, Employment Benefits.
(16) Article 25, Admission and Assignment of Students, except G.S. 115C-372, Assignment to school bus.
(17) Article 25A, Special Medical Needs of Students.
(18) Article 25B, Health Needs of Students.
(19) Article 26, Attendance.
(20) Article 27, Discipline.
(21) Article 28, Student Liability.
(22) Article 29, Protective Provisions and Maintenance of Student Records.
(23) Article 29A, Policy Prohibiting Use of Tobacco Products.
(24) Article 29D, Student Prayer and Religious Activity.
(25) Article 31, The School Budget and Fiscal Control Act, except G.S. 115C-438, Provision for the disbursement of State money, and G.S. 115C-451, Reports to State Board of Education; failure to comply with School Budget Act.
(26) Article 33, Assumption of School District Indebtedness by Counties.
(27) Article 34, Refunding and Funding Bonds of School Districts.
(28) Article 34B, Qualified Zone Academy Bonds and Qualified School Construction Bonds.
(29) Article 35, Voluntary Endowment Fund for Public Schools.
(30) Article 36, Voted Tax Supplements for School Purposes.
(31) Article 37, School Sites and Property, except the class size requirements set forth in G.S. 115C-521(a).

"**§ 115C-238.93. General operating requirements.**

(a) Course of Study. – The renewal school system shall provide at least the following as part of the course of study:

(1) Provide instruction each year for at least 185 days or 1,025 hours over nine calendar months.
(2) Design its programs to meet, at a minimum, the student performance standards adopted by the State Board of Education and the student performance goals contained in the plan.

(3) Conduct the student assessments required by G.S. 115C-174.11.

(b) Identification of Low-Performing Schools. – The State Board shall identify low-performing schools located in the renewal school system on an annual basis. Low-performing schools are those that earn an overall school performance grade of D or F and a school growth score of "met expected growth" or "not met expected growth" as defined by G.S. 115C-83.15. The State Board shall also identify continually low-performing schools in the renewal school system on an annual basis. A continually low-performing school is a school that has been designated by the State Board as low-performing for at least two of three consecutive years.

(c) Transportation. – The renewal school system shall provide a system of transportation to students in the local school administrative unit.

(d) Policy Against Bullying. – The renewal school system is encouraged to adopt a policy against bullying or harassing behavior, including cyber-bullying, that is consistent with the provisions of Article 29C of this Chapter. If the renewal school system adopts a policy to prohibit bullying and harassing behavior, the unit shall, at the beginning of each school year, provide the policy to staff, students, and parents as defined in G.S. 115C-390.1(b)(8).

(e) Reporting to the State Board. – The renewal school system shall comply with the reporting requirements established by the State Board of Education in the Uniform Education Reporting System. The renewal school system shall report at least annually to the State Board any information required by the State Board.

(f) Driving Eligibility Certificates. – In accordance with rules adopted by the State Board, the renewal school system shall direct the principal of each school in the renewal school system to do all of the following regarding driving eligibility certificates:

(1) Sign driving eligibility certificates that meet the conditions established in G.S. 20-11.

(2) Obtain the necessary written, irrevocable consent from parents, guardians, or emancipated juveniles, as appropriate, in order to disclose information to the Division of Motor Vehicles.

(3) Notify the Division of Motor Vehicles when a student who holds a driving eligibility certificate no longer meets its conditions.

(g) Employees. – The renewal school system shall employ and establish the terms of any new or renewed contract with necessary school administrators and teachers to perform the particular service for which they are employed in the schools or in a central administrative role for the renewal school system except for those teachers employed pursuant to G.S. 115C-325. At least fifty percent (50%) of the teachers in a school shall hold teacher licenses. All teachers who are teaching in the core subject areas of mathematics, science, social studies, and language arts shall be college graduates. The renewal school system also may employ necessary employees who are not required to hold teacher licenses to perform duties other than teaching and may contract for other services.

"**§ 115C-238.94. State funds.**

(a) Calculation of Funds. – The Department of Public Instruction shall calculate the amount of State funds to be allocated to a renewal school system on the same basis as other local school administrative units and shall distribute those funds to a unit. The State Board of Education shall establish a policy for converting guaranteed positions to a dollar equivalent for a renewal school system. The funds allocated to a renewal school system shall be subject to any restrictions as to use imposed by federal law, the conditions of federal or State grants, or as provided through any rules that the State Board adopts to ensure compliance with federal regulations. Use of these funds shall otherwise be unrestricted except as provided in this section.

(b) Provision for Disbursement of State Money. – The deposit of money in the State treasury to the credit of the renewal school system shall be made as necessary for the operation of the local school administrative unit.

The State Board of Education may withhold money to be distributed to the renewal school system if any report required to be filed with State school authorities is more than 30 days overdue.

Money in the State Public School Fund and State bond moneys shall be released only on warrants drawn on the State Treasurer, signed by a local official as required by the State Board.

(c) State Budget Act Compliance. – The State Board shall have authority to require the renewal school system to make reports as it may deem advisable with respect to the financial operation of the schools located in the renewal school system. If the local board of education willfully or negligently fails or refuses to comply with applicable laws and regulations of the School Budget and Fiscal Control Act, the State Board shall issue a warning to the local board of education and direct it to take remedial action. If the local board of education, after warning, persists in willfully or negligently failing or refusing to comply with these laws and regulations, the State Board shall by resolution assume control of the financial affairs of the local board of education and shall appoint an administrator to exercise the powers assumed. The adoption of a resolution shall have the effect of divesting the local board of education of its powers as to the adoption of budgets, expenditure of money, and all other financial powers conferred upon the local board of education by law.

(d) Withholding for Retirement Contributions. – Upon notification by the Board of Trustees of the Teachers' and State Employees' Retirement System to the State Treasurer and the Office of State Budget and Management as to any default of the renewal school system, the State Board shall withhold from any State appropriation due to the renewal school system an amount equal to the sum of all delinquent contributions and payments due to the Retirement Systems Division and shall transmit that amount to the Retirement Systems Division.

"**§ 115C-238.95. State Board of Education review; termination of plan; reporting.**

(a) Review of the Plan; Grounds for Termination. – The State Board shall conduct a review of the operation and student performance of a renewal school system at least every three years during the operation of a renewal school system plan to ensure that the renewal school system is meeting the expected academic, financial, and governance strategic goals set forth in the plan. The State Board may terminate a renewal school system plan after a review upon any of the following grounds:

(1) Failure to meet the requirements for student performance contained in the plan.

(2) The majority of schools in the renewal school system have been identified as low-performing schools in the two school years immediately preceding the review.

If the State Board determines that the renewal school system has failed to meet generally accepted standards of fiscal management or violated State or federal law, the State Board may terminate the renewal school system plan prior to any established term of operation in the plan. In addition, if the Superintendent of Public Instruction finds that satisfactory progress is not being made after reviewing the reports required to be submitted under subsection (b) of this section, the Superintendent shall recommend to the State Board that the renewal school system plan be terminated immediately. The State Board shall terminate the renewal school system plan if such a recommendation is made by the Superintendent.

Upon termination of the renewal school system plan by the State Board, the State Board shall develop a transition plan for the local board of education to revert to operating the local school administrative unit in accordance with applicable State laws and regulations for other local school administrative units.

(b) Reporting to Superintendent. – The renewal school system shall report to the Superintendent of Public Instruction as follows:

(1) An annual report on the assessment instruments used pursuant to G.S. 115C-174.11(a) and the student outcomes based on those assessments.

(2) An annual report on the number of classroom teacher and school administrator vacancies, turnover, and use of long-term substitutes in filling vacancies for both classroom teachers and school administrators. This report shall also provide comparisons with the statewide data on these items. In addition, the report shall also provide comparisons with the previous year's data on these items both at the local school administrative unit level and statewide.

(3) An annual report on student absences. This data shall provide comparisons with the previous year's data on these items.

(4) Any other reporting requirements deemed necessary by the Superintendent of Public Instruction."

SECTION 7.18.(b) Section 6 of S.L. 2018-32, as amended by Section 4(d) of S.L. 2019-82, Section 3(f) of S.L. 2019-176, Section 1(f) of S.L. 2020-7, Section 3(g) through (h) of S.L. 2021-130, Section 6(h) of S.L. 2021-132, and Section 7.10 of S.L. 2022-74, is repealed.

SECTION 7.18.(c) Beginning with the 2023-2024 school year, a local school administrative unit operating under an approved renewal school system plan pursuant to Section 6 of S.L. 2018-32 as of the date this act becomes law shall continue to operate as a renewal school system subject to Part 12 of Article 16 of Chapter 115C of the General Statutes, as enacted by this act.

SECTION 7.18.(d) Subsection (b) of this section becomes effective July 1, 2023. The remainder of this act is effective when it becomes law and applies beginning with the 2023-2024 school year.

CTE GRANTS FOR ANCILLARY ITEMS

SECTION 7.19.(a) Of the funds appropriated to the Department of Public Instruction in this act from the General Fund for each year of the 2023-2025 fiscal biennium, the Department shall use up to one million dollars ($1,000,000) in nonrecurring funds to provide grants for the 2023-2024 and 2024-2025 school years to fund ancillary items necessary for the CTE program at a given school in addition to equipment considered under G.S. 115C-154.2. The Department shall promulgate a full list of items that are eligible to be purchased with funds received pursuant to this program. The Department may consult with the Department of Agriculture and Consumer Services when evaluating a grant program for selection that includes the purchase of animals. A public school unit or a regional partnership of more than one public school unit may apply to receive funds. When awarding grants under this subsection, the Department shall prioritize public school units (i) located, in whole or in part, in a county with at least one local school administrative unit that received low-wealth supplemental funding in the previous fiscal year and (ii) that have a high population of at-risk students or students with disabilities. Grant recipients may make ancillary items available to any students within the public school unit or partnership regardless of whether the student is identified as at-risk or a student with a disability.

SECTION 7.19.(b) Of the funds appropriated to the Department of Public Instruction in this act from the General Fund, the Department shall use up to two hundred thousand dollars ($200,000) in recurring funds to assist public school units with program costs associated with CTE programs related to homebuilding. The Department of Public Instruction shall permit high schools within public school units to use the U.S. Department of Labor approved Pre-Apprenticeship Certificate Training (PACT) program, developed by the Home Builders Institute as an approved curriculum for CTE programs.

SECTION 7.19.(c) The Department shall create and make available an application for grants under this section no later than the beginning of each school year of the biennium. Applicants shall submit their application to receive grant funds to the Department no later than January 15 of each year of the biennium. The Department shall approve or deny each application within 30 days of receipt.

SECTION 7.19.(d) All recipients of grants under this section for each school year of the biennium shall submit a report to the Department no later than October 15 of each year of the biennium on the outcomes of any programs funded by grants received under this section, including data collection methods for reporting on student outcomes, impacts of the program, and use of State funds. The Department shall then submit a report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the overall outcomes of the grant programs no later than December 15 of each year of the 2023-2025 fiscal biennium.

DPI FUNDING IN ARREARS

SECTION 7.20.(a) The Department of Public Instruction shall develop a model to fund public school units whose funding is based on average daily membership (ADM) to be based on the actual ADM from the prior school year instead of projections for the upcoming school year. The Department shall propose technical adjustments for public school funding to the State Board of Education for approval before submitting the model to the Director of the Budget, pursuant to G.S. 143C-3-3. The Department shall also submit the model to the Fiscal Research Division no later than February 15, 2024. The technical adjustments shall include a list of any laws that would need to be adjusted or repealed to allow for the new funding model to be implemented as well as a comparison of funding received under the old model and the recommended new model, sorted by public school unit.

SECTION 7.20.(b) Beginning with the 2024-2025 school year, the Department of Public Instruction shall distribute funds to public school units whose funding is based on ADM based on the actual ADM from the prior school year in accordance with the model developed pursuant to subsection (a) of this section. The Department shall provide funds from the ADM Contingency Reserve to fund public school units whose actual ADM for the current school year is higher than the actual ADM from the prior school year.

SECTION 7.20.(c) Section 7.15(b) of S.L. 2007-323 is repealed.

SECTION 7.20.(d) Subsections (b) and (c) of this section become effective July 1, 2024. The remainder of this section is effective when it becomes law.

MATH INTERVENTIONS AND FOURTH AND FIFTH GRADE CLASS SIZE REQUIREMENTS

SECTION 7.21.(a) Article 8 of Chapter 115C of the General Statutes is amended by adding a new Part to read:

"Part 1C. Math That Counts.

"**§ 115C-83.20. State goal.**

The goal of the State is to ensure that every student has mathematics skills at or above grade level by the end of fifth grade and continues to progress so that he or she can have the mathematics skills needed for secondary education and career success. The State Board of Education and the Department of Public Instruction shall provide technical assistance as needed to aid local school administrative units in reaching this goal and implementing all provisions of this Part.

"**§ 115C-83.23. Purposes.**

The purposes of this Part are to ensure that (i) difficulty with mathematics skill development is identified before students transition to sixth grade, (ii) students receive appropriate mathematics interventions to address difficulty with mathematics skill development and to remediate math skill deficiencies, and (iii) each student and his or her parent or guardian be informed of the student's academic needs and progress.

"**§ 115C-83.26. High-quality mathematics instruction.**

Local boards of education shall implement high-quality mathematics instruction that meets the following criteria:

(1) Aligns with the North Carolina Standard Course of Study.

(2) Is evidence-based.
(3) Engages students and provides them with relevant challenges and pathways to deeper understanding.
(4) Includes materials to support the teacher in facilitating and encouraging active student questioning and discussion.
(5) Provides students at all levels of language proficiency with opportunities to use written and oral forms of communication to learn and demonstrate understanding of mathematics skills.

"**§ 115C-83.29. Mathematics diagnostic assessments.**

(a) Fourth and fifth grade students shall be assessed at least three times per school year with formative and diagnostic mathematics assessments made available to local school administrative units by the State Board of Education pursuant to G.S. 115C-174.11(a1) that meet the following criteria:
(1) Are valid and reliable.
(2) Align with the North Carolina Standard Course of Study.
(3) Align with this Part.
(4) Yield data that can be used with the Education Value-Added Assessment System (EVAAS) to analyze student data to identify root causes for difficulty with mathematics skill development and to determine actions to address them.

(b) The Department of Public Instruction shall provide for EVAAS analysis all formative and diagnostic assessment data collected pursuant to this section for fourth and fifth grade. The Department shall use a uniform template for all data collected, and the template shall be used each time data is provided. The template shall include clear designations for each data component reported.

"**§ 115C-83.32. Interventions and Mathematics Success Plans (MSPs).**

(a) Local boards of education shall address difficulties with mathematics skill development identified through administration of formative and diagnostic assessments with instructional supports and services. Local boards of education are encouraged to partner with community organizations, businesses, and other groups to provide volunteers, mentors, or tutors to assist with the provision of instructional supports and services that enhance mathematics skill development and proficiency.

(b) Students who are not grade level proficient in mathematics skills by the end of fifth grade, as demonstrated by the end-of-grade assessment required by G.S. 115C-174.11(c)(1), shall be provided with intervention and remediation services documented in a Mathematics Success Plan (MSP) that meets the requirements of this section. Students shall continue to receive an MSP through the end of eighth grade or when the student demonstrates grade level proficiency on the end-of-grade assessment, whichever is earlier.

(c) The MSP shall be regularly adjusted based on multiple data sources, indicating that the student is not progressing toward grade level standards in one or more major mathematics skills. Based on the most recently collected data, an MSP shall include the following information, specific to the identified student:
(1) The specific mathematics skill deficiencies identified by the assessment data.
(2) Goals and benchmarks for growth.
(3) The means by which progress will be monitored and evaluated.
(4) The specific additional mathematics interventions the student will receive.
(5) Any additional services the teacher deems appropriate to accelerate the student's mathematics skill development.

(d) A student's parent or guardian shall be given notice that the student has been identified as having difficulty with mathematics skill development and that an MSP has been developed. The notice shall provide the parent or guardian the following:

(1) Specific strategies that can be easily understood and implemented to assist the student in becoming grade level proficient in mathematics skills.
(2) Encouragement to select one or more strategies for use at home that build on the student's interests and are most likely to engage the student and result in mathematics skills improvement.
(3) Direction to free online or hard copy mathematics resources and tools that can be accessed via a prominently displayed area on the homepage of the primary website maintained by the Department of Public Instruction.

(e) A multitiered system of support intervention may be used to satisfy the requirements of this section if all of the components of subsection (c) of this section are incorporated in the intervention.

(f) The Department shall develop the following model documentation of compliance with the requirements of this section:
(1) An MSP checklist.
(2) An alternative document for use with a multitiered system of support intervention.

"**§ 115C-83.35. Reporting requirements.**

(a) Each local board of education shall report annually in writing to the State Board of Education by September 1 the following information on the prior school year:
(1) The number and percentage of fourth grade students demonstrating and not demonstrating grade level mathematics proficiency on the end-of-grade mathematics assessment.
(2) The number and percentage of fifth grade students demonstrating and not demonstrating grade level mathematics proficiency on the end-of-grade mathematics assessment.
(3) For students who received a Mathematics Success Plan pursuant to G.S. 115C-83.32:
a. A description of mathematics interventions provided to students.
b. The number and percentage of sixth grade students demonstrating and not demonstrating grade level mathematics proficiency on the end-of-grade mathematics assessment.
c. The number and percentage of seventh grade students demonstrating and not demonstrating grade level mathematics proficiency on the end-of-grade mathematics assessment.
d. The number and percentage of eighth grade students demonstrating and not demonstrating grade level mathematics proficiency on the end-of-grade mathematics assessment.

(b) The State Board of Education shall establish a uniform format for local boards of education to report the required information listed in subsection (a) of this section and shall provide the format to local boards of education no later than 90 days prior to the annual due date. The State Board of Education shall compile annually this information and submit a State-level summary to the Governor, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Joint Legislative Education Oversight Committee annually by December 15. The State-level summary shall include, for each local school administrative unit, every component listed in subsection (a) of this section.

(c) Local boards of education shall fully complete all information required by this section in the uniform format provided by the State Board."

SECTION 7.21.(b) G.S. 115C-174.11 reads as rewritten:

"**§ 115C-174.11. Components of the testing program.**

(a) Reading Assessment Instruments for Kindergarten, First, Second, and Third Grades. – The State Board of Education shall develop, adopt, and provide to the local school

administrative units developmentally appropriate individualized assessment instruments aligned with the standard course of study and Part 1A of Article 8 of this Chapter for the kindergarten, first, second, and third grades. Local school administrative units shall use these assessment instruments provided to them by the State Board for kindergarten, first, second, and third grade students to assess progress, diagnose difficulties, and inform instruction and remediation needs. Local school administrative units shall not use standardized tests for summative assessment of kindergarten, first, and second grade students except as required as a condition of receiving federal grants.

(a1) Mathematics Assessment Instruments for Fourth and Fifth Grades. – The State Board of Education shall adopt and provide to the local school administrative units at least five developmentally appropriate individualized formative and diagnostic assessment instruments aligned with the standard course of study and Part 1C of Article 8 of this Chapter for the fourth and fifth grades. Local school administrative units shall select one of the assessment instruments made available to them by the State Board to assess progress, diagnose difficulties, and inform instruction and remediation needs for fourth and fifth grade students. Local school administrative units shall not use these formative and diagnostic assessments for summative assessment of fourth and fifth grade students except as required as a condition of receiving federal grants.

(b) Repealed by Session Laws 2009-451, s. 7.20(c), effective July 1, 2009.

(c) Annual Testing Program. –

(1) The State Board of Education shall adopt the tests for grades three through 12 that are required by federal law or as a condition of a federal grant. These tests shall be designed to measure progress toward reading, communication skills, and mathematics for grades three through eight, and toward competencies for grades nine through 12. Students who do not pass the tests adopted for eighth grade shall be provided remedial instruction in the ninth grade.

(2) If the State Board of Education finds that additional testing in grades three through 12 is desirable to allow comparisons with national indicators of student achievement, that testing shall be conducted with the smallest size sample of students necessary to assure valid comparisons with other states.

(3) Repealed by Session Laws 2014-78, s. 3(a), effective July 1, 2014.

(4) To the extent funds are made available, the State Board of Education shall use a competitive bid process to adopt one nationally norm-referenced college admissions test to make available to local school administrative units, regional schools, and charter schools to administer to all students in the eleventh grade unless the student has already taken a comparable test and scored at or above a level set by the State Board. The State Board of Education shall require the administration of an alternate to the nationally norm-referenced college admissions test or an alternate precursor test to the nationally norm-referenced college admissions test to a student who (i) exhibits severe and pervasive delays in all areas of conceptual, linguistic, and academic development and in adaptive behaviors, including communication, daily living skills, and self-care, (ii) is following the extended content standards of the Standard Course of Study as provided in G.S. 115C-81.5, or is following a course of study that, upon completing high school, may not lead to admission into a college-level course of study resulting in a college degree, and (iii) has a written parental request for an alternate assessment.

The State Board of Education shall ensure that parents of students enrolled in all public schools, including charter and regional schools, have the necessary information to make informed decisions regarding participation in the nationally norm-referenced college admissions test and precursor test.

Alternate assessment and nationally norm-referenced college admissions test assessment results of students with disabilities shall be included in school accountability reports, including charter and regional schools, provided by the State Board of Education.

(d) Except as provided in subsection (c) of this section, the State Board of Education shall not require the public schools to administer any standardized tests except for those required by federal law or as a condition of a federal grant.

The State Board of Education shall adopt and provide to local school administrative units all tests required by federal law or as a condition of a federal grant."

SECTION 7.21.(c) Section 6(d)(5) of S.L. 2018-32 reads as rewritten:

"(5) Part 1A, North Carolina Read to Achieve Program, ~~and Part 1B of Article 8, Part 1B, School Performance.~~Performance, and Part 1C of Article 8, Math That Counts."

SECTION 7.21.(d) G.S. 115C-301 reads as rewritten:

"**§ 115C-301. Allocation of teachers; class size.**

…

(c) Maximum Class Size for Kindergarten Through ~~Third~~ Fifth Grade. – The average class size for kindergarten through ~~third~~ fifth grade in a local school administrative unit shall at no time exceed the funded allotment ratio of teachers to students in kindergarten through ~~third~~ fifth grade. At the end of the second school month and for the remainder of the school year, the size of an individual class in kindergarten through ~~third~~ fifth grade shall not exceed the allotment ratio by more than three students. The funded class size allotment ratio for kindergarten through ~~third~~ fifth grade shall be as follows:

(1) For kindergarten, one teacher per 18 students.
(2) For first grade, one teacher per 16 students.
(3) For second grade, one teacher per 17 students.
(4) For third grade, one teacher per 17 students.
(5) For fourth grade, one teacher per 24 students.
(6) For fifth grade, one teacher per 24 students.

In grades ~~four~~ six through 12, local school administrative units shall have the maximum flexibility to use allotted teacher positions to maximize student achievement.

(c1) Class Size Exceptions for Kindergarten Through ~~Third~~ Fifth Grade. – Class size requirements for kindergarten through ~~third~~ fifth grade provided in subsection (c) of this section shall not apply to the following classes:

(1) Dual language immersion classes. For the purposes of this subsection, dual language immersion classes are classes in which (i) at least one-third of the students' dominant language is English and (ii) instruction involves both English and a target foreign language with a minimum of fifty percent (50%) of core content taught in the target foreign language in order to promote dual language proficiency for all students.
(2) Program enhancement classes.

…

(f) Biannual Reports. – At the end of October and end of February of each school year, each local board of education, through the superintendent, shall file a report, based on information provided by the principal, for each school within the local school administrative unit with the Superintendent of Public Instruction. The report shall be filed in a format prescribed by the Superintendent of Public Instruction and shall include the organization for each school in the local school administrative unit, including the following information:

(1) For each class in each grade level at each school, the following:
a. The duties of the teacher.
b. The source of funds used to pay for the teacher.

c. The number of students assigned to the class, including all exceptions to individual class size maximums in kindergarten through ~~third~~ fifth grade that exist at that time.

(2) For each school, the following:

a. The number of program enhancement teachers.

b. The source of funds used to pay each program enhancement teacher.

(3) The average class size for each grade from kindergarten through ~~third~~ fifth grade in the local school administrative unit.

(4) Any other information the Superintendent of Public Instruction may require.

The Superintendent of Public Instruction shall conduct periodic audits of the information reported by the local superintendent under this subsection to confirm the accuracy of reporting at the local school administrative unit and school level of the average and individual class size for students in kindergarten through ~~third~~ fifth grade. If the Superintendent of Public Instruction finds that a local board of education is exceeding class size requirements without application to the State Board for an allotment adjustment or a waiver of those class size requirements, the State Board may impose the penalty set forth in subsection (j) of this section until such time the local board of education receives a waiver or the schools in the unit meet the class size requirements for kindergarten through ~~third~~ fifth grade.

(g) Waivers and Allotment Adjustments. – Local boards of education shall report exceptions to the class size requirements set out for kindergarten through ~~third~~ fifth grade and significant increases in class size at other grade levels to the State Board and shall request allotment adjustments at any grade level, waivers from the requirements for kindergarten through ~~third~~ fifth grade, or both. Within 45 days of receipt of reports, the State Board of Education, within funds available, may allot additional positions at any grade level. The State Board shall not grant waivers for excess class size in kindergarten through ~~third~~ fifth grade, except under the following circumstances:

(1) Emergencies or acts of God that impact the availability of classroom space or facilities.

(2) An unanticipated increase in student population of an individual school in excess of two percent (2%) of the average daily membership of that school.

(3) Organizational problems in geographically isolated local school administrative units in which the average daily membership is less than one and one-half per square mile.

(4) Classes organized for a solitary curricular area.

(5) A charter school closure.

The State Board shall report on all waivers to the Joint Legislative Commission on Governmental Operations within 30 days of the grant of the waiver. The report shall include the local school administrative unit, school, and class or classes for which the waiver was granted, the statutory grounds for the waiver, and the terms of the waiver. A waiver for excess class size in kindergarten through ~~third~~ fifth grade shall not become effective until the State Board submits the report to the Joint Legislative Commission on Governmental Operations.

Upon notification from the State Board that the reported exception does not qualify for an allotment adjustment or a waiver, the local board of education shall take action to correct the exception within 30 days. Within 60 days of notification by the State Board, the Superintendent of Public Instruction shall request an updated report from the local board of education on the size of each class in kindergarten through ~~third~~ fifth grade for each school within the local school administrative unit. If the Superintendent of Public Instruction finds that a local board of education is continuing to exceed class size requirements, the State Board may impose the penalty set forth in subsection (j) of this section until such time the schools in the unit meet the class size requirements for kindergarten through ~~third~~ fifth grade.

…."

SECTION 7.21.(e) G.S. 115C-47(10) reads as rewritten:

"(10) To Assure Appropriate Class Size. – It shall be the responsibility of local boards of education to assure that the class size requirements set forth in G.S. 115C-301 for kindergarten through ~~third~~ fifth grade are met. Any teacher who believes that the requirements of G.S. 115C-301 have not been met shall make a report to the principal and superintendent, and the superintendent shall immediately determine whether the requirements have in fact not been met. If the superintendent determines the requirements have not been met, he or she shall make a report to the next local board of education meeting. The local board of education shall take action to meet the requirements of the statute. If the local board cannot organizationally correct the exception, it shall immediately apply to the State Board of Education for additional personnel or a waiver of the class size requirements, as provided in G.S. 115C-301(g).

Upon notification from the State Board of Education that the reported exception does not qualify for an allotment adjustment or a waiver under provisions of G.S. 115C-301, the local board, within 30 days, shall take action necessary to correct the exception, as required in G.S. 115C-301(g).

At the end of October and end of February of each school year, the local board of education, through the superintendent, shall file a report with the Superintendent of Public Instruction, in a format prescribed by the Superintendent of Public Instruction, describing the organization for each school in the local school administrative unit, as required by G.S. 115C-301(f).

In addition to assuring that the requirements of G.S. 115C-301 are met, each local board of education shall also have the duty to provide an adequate number of classrooms to meet the requirements of that statute."

SECTION 7.21.(f) G.S. 115C-276(k) reads as rewritten:

"(k) To Submit Organization Reports and Other Information to the State Board. – Each year the superintendent of each local school administrative unit shall submit to the State Board of Education statistical reports, certified by the chairman of the board of education, showing the organization of the schools in his or her unit and any additional information the State Board may require. At the end of the second month of school each year, local boards of education, through the superintendent, shall report school organization, employees' duties, and class sizes to the State Board. As of February 1 each year, local boards of education, through the superintendent, shall report all exceptions to individual class size maximums in kindergarten through ~~third~~ fifth grade that occur at that time."

SECTION 7.21.(g) G.S. 115C-311(i) reads as rewritten:

"(i) Class Size Flexibility. – Notwithstanding G.S. 115C-301, with the approval of the State Board of Education, Advanced Teaching Roles schools selected to participate in the program may exceed the maximum class size requirements for kindergarten through ~~third~~ fifth grade during any term of up to three years in which State funds are awarded to the local school administrative unit where the school is located. At the conclusion of the term, any class size flexibility approved for an Advanced Teaching Roles school pursuant to this subsection shall expire."

SECTION 7.21.(h) This section is effective when it becomes law. The reporting requirements established in G.S. 115C-83.35 shall apply beginning with reports based on data from the 2023-2024 school year. Subsections (d), (e), (f), and (g) of this section become effective beginning with the 2024-2025 school year. The remainder of the section applies beginning with the 2023-2024 school year.

INCREASING ENGAGEMENT IN STEM

SECTION 7.22.(a) Program; Purpose. – The Superintendent of Public Instruction shall establish the Increasing Engagement in STEM Program (Program) for the 2023-2025 fiscal biennium. The purpose of the Program is to provide grant funds to public school units to engage in experiential science, technology, engineering, and math (STEM) education programs.

SECTION 7.22.(b) Grant Application Time Line. – The Superintendent shall develop and publish an application for the Program on or before September 15 of each year of the 2023-2025 fiscal biennium. Public school units may submit applications for this grant until November 15 of each year of the 2023-2025 fiscal biennium. The Superintendent shall select recipients of the grants by December 15 of each year of the 2023-2025 fiscal biennium.

SECTION 7.22.(c) Grant Applications. – The application created by the Superintendent shall require a plan of how the public school unit would use grant funds to increase STEM engagement of sixth, seventh, and eighth grade students. Applicant plans shall include the following:

(1) Evidence that the plan uses high-quality instruction methods and includes research-based best practices in the area of STEM education to further the purpose of the Program.

(2) How grant funds will be used to further the purpose of the Program. Allowable uses of funds include, but are not limited to, the following:

a. Stipends for teachers who participate with the Program.

b. Partnering with third-party vendors to provide services or host competitions that further the purpose of the Program.

(3) How the public school unit would sustain their plan beyond the end of the grant period.

(4) Any other factors or criteria the Superintendent deems appropriate to advance the purpose of the Program.

SECTION 7.22.(d) Grant Recipients. – After reviewing the submitted applications, the Superintendent shall select applicants to receive grants for the Program. The Superintendent shall determine the size of grants awarded to each public school unit while ensuring a distribution of grant funds to each of the various sizes of public school units referenced in subdivision (3) of this subsection. When selecting applicants to receive grants, the Superintendent shall adhere to the following criteria:

(1) The total number of recipients shall not exceed 20 public school units.

(2) Recipients shall reflect the geographic diversity of the State.

(3) Recipients shall reflect the population diversity of public school units in the State by selecting recipients from the following:

a. Up to five public school units consisting of no more than one school.

b. Up to five units with an average daily membership from the previous school year of 4,000 students or fewer.

c. Up to five units with an average daily membership from the previous school year of between 4,001 and 20,000 students.

d. Up to five units with an average daily membership from the previous school year of 20,001 students or greater.

If there are fewer than five applicants in any of the categories listed in subdivision (3) of this subsection, the Superintendent may, in the Superintendent's discretion, award additional grants to applicants from other categories.

SECTION 7.22.(e) Initial Report. – The Superintendent of Public Instruction shall submit an initial report on the application process for the Program to the Joint Legislative Education Oversight Committee by May 15, 2024. The initial report shall include the following:

(1) A list of public school units that applied for grants.

(2) A list of public school units that received grants.

(3) A summary of how the grant funds will be spent on Program activities according to the plans submitted by grant recipients.
(4) Any other information the Superintendent deems relevant.

SECTION 7.22.(f) Continuing and Final Reports. – At the conclusion of each school year grants are awarded, public school units that received grants shall report to the Superintendent any information required by the Superintendent on the outcomes of their plans. The Superintendent shall submit a final report to the Joint Legislative Education Oversight Committee by December 15, 2025. The final report shall include the following:

(1) An accounting of expenditures.
(2) The number and percentage of students enrolled in the school who participated in the Program, including demographic data for participating students.
(3) Student performance data in STEM-related courses.
(4) How public school units would continue to use grant funds in the future if the Program were to continue beyond the 2024-2025 school year.
(5) Any recommendations by the Superintendent to modify the Program to be more effective at furthering the purpose of the Program.

SECTION 7.22.(g) Appropriation. – Of the funds appropriated in this act from the ARPA Temporary Savings Fund to the Department of Public Instruction, the sum of one million dollars ($1,000,000) in nonrecurring funds for each year of the 2023-2025 fiscal biennium shall be used to implement the provisions of this section.

SECTION 7.22.(h) Evaluation. – As a condition of receipt of grant funds, a public school unit shall designate both students who complete the grant-funded activities in the Common Education Data Analysis and Reporting System and a matched set of students with similar demographic characteristics who did not complete the grant-funded activities, when possible, in a manner directed by the Department of Public Instruction that will allow future analysis of outcomes for these students related to all of the following:

(1) Enrollment in STEM-related elective clusters in high school.
(2) Graduation from high school within four years of entry.
(3) Enrollment in a postsecondary STEM-related major, degree program, or certificate program within three years of high school graduation.
(4) Completion of a postsecondary STEM-related major, degree program, or certificate program within six years of high school graduation.
(5) Employment in a STEM-related field within eight years of high school graduation.

The North Carolina Longitudinal Data System shall, in cooperation with all agencies with relevant data, report annually to the Joint Legislative Education Oversight Committee on the outcomes for both groups of students on each available data point beginning December 15, 2028, and ending December 15, 2039.

SECTION 7.22.(i) It is the intent of the General Assembly to reauthorize this Program for the 2025-2026 school year.

AFTER-SCHOOL ROBOTICS GRANT PROGRAM

SECTION 7.23.(a) Program; Purpose. – There is established the Educational and Competitive After-School Robotics Grant Program (Program). The purpose of the Program shall be to (i) promote evidence-based, after-school programs for robotics education and competition and (ii) motivate students to pursue education and career opportunities in science, technology, engineering, and mathematics while building critical life and work-related skills.

SECTION 7.23.(b) Eligibility. – Any public school unit is eligible to apply to the Department of Public Instruction for a grant to develop an educational and competitive after-school robotics program with a robotics partner. As used in this subsection, the term "robotics partner" shall refer to a third-party entity, such as a nonprofit organization or institution

of higher education, approved by the Department of Public Instruction that is able to provide adequate support for an after-school robotics program. In order to provide adequate support, a robotics partner must meet at least all of the following criteria:

(1) Have a national presence in robotics education and competition.

(2) Provide adequate instruction and programming for students and adult volunteers in (i) robotics education, (ii) project-based learning, and (iii) competitive robotics.

(3) Promote a safe and equitable social environment.

SECTION 7.23.(c) Applications; Criteria and Guidelines. – No later than August 1 of each year that funds are made available for the Program, the Department shall develop and publish criteria and guidelines for the application process for the Program in the upcoming school year, including any documentation required to be submitted by the applicants. The Department shall accept applications until September 30 of each school year. Applications shall include, at a minimum, the following information:

(1) Evidence that the applicant has or will be able to establish a relationship with a robotics partner.

(2) A proposed budget for the educational and competitive after-school robotics program.

SECTION 7.23.(d) Award and Use of Funds. – From funds made available for the Program, the Department shall award grants to the selected applicants by October 31. Funds may be used for any of the following purposes:

(1) Establish a relationship with a robotics partner.

(2) Purchase robotics kits.

(3) Provide stipends for coaches.

(4) Make payments associated with participation in a robotics league or robotics competition.

(5) Pay fees incurred as part of the administration of a robotics team.

SECTION 7.23.(e) Reporting. – No later than October 15 of each year in which funds are made available for the Program, the Department shall report the following information from the prior school year to the Joint Legislative Education Oversight Committee and the Fiscal Research Division:

(1) Number and amounts of grants awarded.

(2) Identities of the public school units receiving grants.

(3) Identities of public school units that applied for grants but did not receive one.

(4) The extent to which students participating in after-school robotics programs funded by the Program experienced measurable improvement in academic performance, if any.

THREAT ASSESSMENT TEAMS

SECTION 7.24.(a) G.S. 115C-105.46, 115C-105.47A, and 115C-105.48 are codified into Part 1 of Article 8C of Chapter 115C of the General Statutes, Local Plans for Alternative Schools/Alternative Learning Programs and Maintaining Safe and Orderly Schools. Part 1 shall be entitled "Local Plans for Alternative Schools/Alternative Learning Programs." The remaining sections of Article 8C of Chapter 115C of the General Statutes shall be codified into Part 2, which shall be entitled "Maintaining Safe and Orderly Schools."

SECTION 7.24.(b) Article 8C of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-105.65. Threat assessment teams.**

(a) Definitions. – The following definitions apply in this section:

(1) Superintendent. – The superintendent or, if there is no superintendent, the staff member with the highest decision-making authority.

(2) Threat assessment. – A fact-based process of identifying, assessing, and managing behavior that may pose a risk of violence or other harm to self or others.

(3) Threat assessment team. – A multidisciplinary team that includes, but is not limited to, persons with expertise in counseling, instruction, school administration, and law enforcement that conducts threat assessments in a public school unit when threatening behavior has been communicated and when a student has engaged in threatening behavior that warrants further evaluation. When practicable, at least one school psychologist, one staff member knowledgeable about and experienced in working with students with special needs, and one staff member knowledgeable about and experienced in working with students with disabilities shall be assigned to the threat assessment team. If a school psychologist is not available, the school may assign a licensed mental health professional instead. Members of a threat assessment team who are not employees of the public school unit may review student records as provided in 34 C.F.R. § 99.31(a)(1)(i)(B) pursuant to a written agreement with the public school unit of the requirements and responsibilities for use of student records under the federal Family Educational Rights and Privacy Act.

(4) Threatening behavior. – Any communication or action that indicates that an individual may pose a danger to the safety or well-being of school staff or students through acts of violence or other behaviors that would cause harm to self or others. These behaviors may be expressed or communicated orally, visually, in writing, electronically, or through any other means and may be considered threatening regardless of whether a direct verbal threat is expressed.

(b) The Center for Safer Schools shall develop guidance for threat assessment teams for public school units, and all public school units shall have access to the guidance. The Center shall develop the guidance by (i) collecting information and best practices from schools with existing threat assessment teams and (ii) consulting with the Task Force for Safer Schools, Disability Rights North Carolina, the North Carolina School Psychology Association, the State Bureau of Investigation, and relevant State government agencies. This guidance shall not reference or reveal any information that has been excluded as a public record under G.S. 115C-47(40), Part 2 of Article 8C of this Chapter, or any other relevant statute. The guidance shall include, at a minimum, the best practices for the following:

(1) Assessment of and intervention with an individual whose behavior poses a risk to the safety of school staff, students, or self, including suggested definitions of threat levels with examples of behavior that would be considered a threat under the given definitions.

(2) If the individual is a student or minor, involvement of the individual's parent or legal guardian throughout the threat assessment process.

(3) Referral to LME/MCOs, as provided in G.S. 122C-115.4(b)(9), for evaluation or treatment, when appropriate.

(4) Compliance with the Family Educational Rights and Privacy Act (FERPA), 20 U.S.C. § 1232g, the Individuals with Disabilities Education Act (IDEA), 20 U.S.C. § 1400, et seq., and Article 9 of Chapter 115C of the General Statutes.

(c) The governing body of a public school unit shall develop a policy for the establishment of threat assessment teams. In developing these policies, the unit shall consult the guidance issued by the Center for Safer Schools released pursuant to subsection (b) of this section. These policies shall not reference or reveal any information that has been excluded as a

public record under G.S. 115C-47(40), Part 2 of Article 8C of this Chapter, or any other relevant statute.

(d) The superintendent or the superintendent's designee shall establish a committee charged with coordination and monitoring of the threat assessment teams operating within the unit, which may be an existing committee established by the unit. The committee shall include individuals with expertise in human resources, education, school administration, mental health, and law enforcement.

(e) The superintendent of a public school unit shall establish a multidisciplinary threat assessment team for each school within the unit. In the discretion of the superintendent, an established threat assessment team may serve more than one school in the unit. Each team shall have the following duties and responsibilities:

(1) Provide training to students, faculty, and staff regarding recognition and reporting of threatening behavior that may indicate a risk of harm to the community, school, or self.

(2) Establish a written policy defining how threats will be assessed, including any scale or classification system that will be used to indicate various levels of threats and the standard response to each level of threat. A copy of the policy shall be sent to the Center for Safer Schools.

(3) Identify members of the school community to whom threatening behavior should be reported.

(4) Implement policies adopted by the governing body of the public school unit pursuant to subsection (c) of this section.

(5) Utilize anonymous reporting applications for students to share information about school safety concerns requiring investigation.

(6) Upon finding a credible threat, a threat assessment team may take any of the following actions:

a. Recommend that the individual involved be referred for mental health services. If the individual is a student or minor, the parents shall be notified of the recommendation and encouraged to contact the student's primary care provider, insurance, or the local Medicaid management entity or managed care organization.

b. Provide notice to individuals who are the subject of threatening behavior and, if the individual is a student or a minor, provide notice to the student's parent or legal guardian. All notices shall be in accordance with the Family Educational Rights and Privacy Act, 20 U.S.C. § 1232g.

c. Provide notice to the appropriate local law enforcement agency.

(f) Any information shared among members of the threat assessment team pursuant to this section shall remain confidential, shall not be a public record subject to Chapter 132 of the General Statutes, and shall only be released in connection with an emergency under the standards established by the Family Educational Rights and Privacy Act in 20 U.S.C. § 1232g(b)(1)(I).

(g) Any threat assessment team may submit a request to the Center for Safer Schools, in a manner to be determined by the Center, for a training session on the implementation or operation of a threat assessment team. Within 30 days of any training conducted pursuant to this section, the Center shall send a brief to all assessment teams giving an overview of the training, including any solutions reached or lessons learned.

(h) Each threat assessment team established pursuant to this section shall report quantitative data on its activities to the Center for Safer Schools as required by the Center. The Center is authorized to share these reports with any agency it consults with to develop policies pursuant to this section. Such data shall include, at a minimum, the following:

(1) Number of threat assessments conducted annually and demographic information on the individuals assessed.
(2) Total number of threat assessments that resulted in a determination that the behavior being assessed posed a threat, and any information on the scale or classification of the threat, as described by the written policy required by subdivision (e)(2) of this section.
(3) All actions and the results of those actions taken in response to finding a threat.
(4) Number, subject, and solution or outcome of any technical assistance requests.

(i) No governing body of a public school unit, nor its members, employees, designees, agents, or volunteers, shall be liable in civil damages to any party for any loss or damage caused by any act or omission relating to the participation in or implementation of any component of the threat assessment team policies required by this section, unless that act or omission amounts to gross negligence, wanton conduct, or intentional wrongdoing. Nothing in this section shall be construed to impose any specific duty of care or standard of care.

(j) Nothing in this section shall preclude public school personnel from acting immediately to address threatening behavior that is an imminent risk.

(k) Any action taken pursuant to this section, or a rule or policy developed pursuant to this section, shall comply with the Constitution of the United States, the North Carolina Constitution, and Article 27 of this Chapter."

SECTION 7.24.(c) G.S. 115C-105.57(c)(2)c. reads as rewritten:

"c. Threat ~~assessment.~~assessment and threat assessment teams, including development of guidance pursuant to G.S. 115C-105.65(b).

SECTION 7.24.(d) G.S. 122C-115.4(b) is amended by adding a new subdivision to read:

"(9) Each LME/MCO shall receive referrals from school superintendents or designees in accordance with G.S. 115C-105.65 related to students who are uninsured or are covered by Medicaid and not enrolled in a prepaid health plan residing in the LME/MCO's catchment area. Within 10 calendar days after receipt of a referral, the LME/MCO shall contact the student's parent or legal guardian using the information provided on the referral and shall provide assistance with identifying appropriate existing mental health resources available to the student. The assistance shall include identifying sources of funding to assist with the cost of mental health services as well as providing referrals to appropriate mental health service providers and mental health services."

SECTION 7.24.(e) The Center for Safer Schools shall develop guidance for threat assessment teams as required by G.S. 115C-105.65(b), as enacted by this section, no later than December 31, 2023. Public school units shall establish threat assessment teams as required by G.S. 115C-105.65, as enacted by this section, no later than March 1, 2024.

SECTION 7.24.(f) G.S. 115C-47 is amended by adding a new subdivision to read:

"(68) Peer-to-Peer Student Support Programs. – Local boards of education shall require peer-to-peer student support programs be established at all schools with grades six and higher and are encouraged to implement peer-to-peer student support programs as appropriate in other grades."

SECTION 7.24.(g) G.S. 115C-316.1(a) is amended by adding a new subdivision to read:

"(5) Coordinating and providing training for students in peer-to-peer student support programs that address areas such as conflict resolution, general health and wellness, and mentoring. The Center for Safer Schools will support school counselors in the administration and delivery of peer-to-peer student support programs."

SECTION 7.24.(h) Subsections (f) and (g) of this section are effective when they become law. Local boards of education are encouraged to establish peer-to-peer student support groups, as identified in G.S. 115C-47(68) and G.S. 115C-316.1(a), as amended by this section, by the 2023-2024 school year and shall establish peer-to-peer student support groups by the 2024-2025 school year.

SECTION 7.24.(i) G.S. 115C-105.49 reads as rewritten:

"**§ 115C-105.49. School safety exercises.**

(a) At least once annually, each ~~local school administrative~~ public school unit shall require each school under its control to hold a full school-wide tabletop exercise and drill based on the procedures documented in its School Risk Management Plan ~~(SRMP).~~ (SRMP) and shall report the date and time the drill is conducted to the Center for Safer Schools. The drill shall include a practice school lockdown due to an intruder on school grounds. Each school is encouraged to hold a tabletop exercise and drill for multiple hazards included in its SRMP. Schools are strongly encouraged to include local law enforcement agencies and emergency management agencies in their tabletop exercises and drills. The purpose of the tabletop exercises and drills shall be to permit participants to (i) discuss simulated emergency situations in a low-stress environment, (ii) clarify their roles and responsibilities and the overall logistics of dealing with an emergency, and (iii) identify areas in which the SRMP needs to be modified.

…

(d) The Department of Public Safety, Division of Emergency Management, and the Center for Safer Schools shall provide guidance and recommendations to ~~local school administrative~~ public school units on the types of multiple hazards to plan and respond to, including intruders on school grounds."

SECTION 7.24.(j) G.S. 115C-105.49A(b) reads as rewritten:

"(b) In constructing the SRRMS, the Division of Emergency Management in collaboration with the Department of Public Instruction and the Center for Safer Schools shall leverage the existing enterprise risk management database, the School Risk Management Planning tool managed by the Division of Emergency Management. The Division of Emergency Management shall also leverage the ~~local school administrative~~ public school unit and participating nonpublic school schematic diagrams of school facilities. Where technically feasible, the SRRMS shall integrate any anonymous tip lines established pursuant to G.S. 115C-105.51 and any 911-initiated panic alarm systems authorized as part of a SRMP pursuant to G.S. 115C-47(40). The Division of Emergency Management ~~and the Center for Safer Schools~~ shall collaborate with the Department of Public ~~Instruction, Division of School Operations,~~ Instruction, the Center for Safer Schools, and the North Carolina 911 Board in the design, implementation, and maintenance of the SRRMS."

SECTION 7.24.(k) G.S. 115C-105.52 reads as rewritten:

"**§ 115C-105.52. School crisis kits.**

(a) The Department of Public Instruction and the Center for Safer Schools, in consultation with the Department of Public ~~Safety and the Department of Public Instruction, Division of School Operations, may~~ Safety, shall develop and adopt policies on the placement of school crisis kits in schools and on the contents of those kits. The kits ~~should~~ shall include, at a minimum, basic first-aid supplies and communications devices.

(b) The principal of each school, in coordination with the law enforcement agencies that are part of the ~~local board of education's~~ public school unit's School Risk Management Plan, may place one or more crisis kits at appropriate locations in the school."

SECTION 7.24.(*l*) G.S. 115C-105.53 reads as rewritten:

"**§ 115C-105.53. Schematic diagrams and emergency access to school buildings for local law enforcement agencies.**

(a) Each ~~local school administrative~~ public school unit shall provide the following to local law enforcement agencies: (i) schematic diagrams, including digital schematic diagrams,

and (ii) either keys to the main entrance of all school buildings or emergency access to key storage devices such as KNOX® boxes for all school buildings. ~~Local school administrative~~ Public school units shall provide updates of the schematic diagrams to local law enforcement agencies when substantial modifications such as new facilities or modifications to doors and windows are made to school buildings. ~~Local school administrative~~ Public school units shall also be responsible for providing local law enforcement agencies with updated access to school buildings when changes are made to the locks and other access control devices of the main entrances or to key storage devices such as KNOX® boxes.

(b) The Department of Public ~~Instruction,~~ Instruction and the Center for Safer Schools, in consultation with the Department of Public Safety, shall develop standards and guidelines for the preparation and content of schematic diagrams and necessary updates. ~~Local school administrative~~ Public school units and participating nonpublic schools may use these standards and guidelines to assist in the preparation of their schematic diagrams.

…."

SECTION 7.24.(m) G.S. 115C-105.54(a) reads as rewritten:

"(a) Each ~~local school administrative~~ public school unit shall provide the following to the Division of Emergency Management (Division) at the Department of Public Safety: (i) schematic diagrams, including digital schematic diagrams, and (ii) emergency response information requested by the Division for the School Risk Management Plan (SRMP). ~~Local school administrative~~ Public school units shall also provide updated schematic diagrams and emergency response information to the Division when such updates are made. The Division shall ensure that the diagrams and emergency response information are securely stored and distributed as provided in the SRMP to first responders, emergency personnel, and school personnel and approved by the Department of Public Instruction."

SECTION 7.24.(n) G.S. 115C-75.9 is amended by adding a new subsection to read:

"(q) School Safety. – Innovative schools shall comply with the requirements for public school units in Part 2 of Article 8C of Chapter 115C of the General Statutes."

SECTION 7.24.(o) Article 9C of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-150.16. School safety.**

A school governed by this Article shall comply with the requirements for public school units in Part 2 of Article 8C of this Chapter."

SECTION 7.24.(p) G.S. 115C-218.75(b), (d), (e), and (e1) are repealed.

SECTION 7.24.(q) G.S. 115C-218.75 is amended by adding a new subsection to read:

"(k) Each charter school shall comply with the requirements for public school units in Part 2 of Article 8C of this Chapter."

SECTION 7.24.(r) G.S. 115C-238.66(7a), (7b), (7c), (7d), and (7e) are repealed.

SECTION 7.24.(s) G.S. 115C-238.66 is amended by adding a new subdivision to read:

"(19) Each regional school shall comply with the requirements for public school units in Part 2 of Article 8C of this Chapter."

SECTION 7.24.(t) G.S. 116-239.8(b)(10), (11), (12), and (13) are repealed.

SECTION 7.24.(u) G.S. 116-239.8(b) is amended by adding a new subdivision to read:

"(22) Laboratory schools shall comply with the requirements for public school units in Part 2 of Article 8C of Chapter 115C of the General Statutes."

SECTION 7.24.(v) G.S. 115C-551 reads as rewritten:

"**§ 115C-551. Voluntary participation in the State programs.**

(a) Any ~~such~~ private church school or school of religious charter may, on a voluntary basis, participate in any State operated or sponsored program which would otherwise be available

to such school, including but not limited to the high school competency testing and statewide testing programs.

(b) All private church schools and all schools of religious charter are encouraged to do the following:

(1) School Risk Management Plan. – In coordination with local law enforcement agencies, adopt a School Risk Management Plan (SRMP) relating to incidents of school violence. In constructing and maintaining these plans, the school may utilize the School Risk and Response Management System (SRRMS) established pursuant to G.S. 115C-105.49A. These plans are not considered a public record as the term "public record" is defined under G.S. 132-1 and shall not be subject to inspection and examination under G.S. 132-6.

(2) Schematic diagrams and school crisis kits. – Provide schematic diagrams and keys to the main entrance of school facilities to local law enforcement agencies, in addition to implementing the provisions in G.S. 115C-105.52.

(3) School safety exercises. – At least once a year, hold a full school-wide lockdown exercise with local law enforcement and emergency management agencies that are part of the private school's SRMP.

(4) Safety information provided to the Department of Public Safety, Division of Emergency Management. – Provide the following: (i) schematic diagrams, including digital schematic diagrams, and (ii) emergency response information requested by the Division for the SRMP. The schematic diagrams and emergency response information are not considered public records as the term "public record" is defined under G.S. 132-1 and shall not be subject to inspection and examination under G.S. 132-6."

SECTION 7.24.(w) G.S. 115C-559 reads as rewritten:

"**§ 115C-559. Voluntary participation in the State programs.**

(a) Any ~~such~~ qualified nonpublic school may, on a voluntary basis, participate in any State operated or sponsored program which would otherwise be available to such school, including but not limited to the high school competency testing and statewide testing programs.

(b) All qualified nonpublic schools are encouraged to do the following:

(1) School Risk Management Plan. – In coordination with local law enforcement agencies, adopt a School Risk Management Plan (SRMP) relating to incidents of school violence. In constructing and maintaining these plans, the school may utilize the School Risk and Response Management System (SRRMS) established pursuant to G.S. 115C-105.49A. These plans are not considered a public record as the term "public record" is defined under G.S. 132-1 and shall not be subject to inspection and examination under G.S. 132-6.

(2) Schematic diagrams and school crisis kits. – Provide schematic diagrams and keys to the main entrance of school facilities to local law enforcement agencies, in addition to implementing the provisions in G.S. 115C-105.52.

(3) School safety exercises. – At least once a year, hold a full school-wide lockdown exercise with local law enforcement and emergency management agencies that are part of the private school's SRMP.

(4) Safety information provided to the Department of Public Safety, Division of Emergency Management. – Provide the following: (i) schematic diagrams, including digital schematic diagrams, and (ii) emergency response information requested by the Division for the SRMP. The schematic diagrams and emergency response information are not considered public records as the term "public record" is defined under G.S. 132-1 and shall not be subject to inspection and examination under G.S. 132-6."

SECTION 7.24.(x) Except as otherwise provided, this section is effective when it becomes law and applies beginning with the 2024-2025 school year.

REMOTE CHARTER ACADEMIES

SECTION 7.26.(a) Article 14A of Chapter 115C of the General Statutes is amended by adding a new Part to read:

"Part 7. Remote Charter Academies.

"**§ 115C-218.120. Remote charter academies.**

(a) As part of an application or modification of a charter, a nonprofit may apply to the State Board of Education for approval to include a remote charter academy that meets the requirements of this Part as part of the nonprofit's charter. A charter that includes a remote charter academy may do any of the following:

(1) Provide only remote instruction to enrolled students served by the charter in accordance with this Part.

(2) Provide remote instruction to students enrolled in the remote charter academy and provide in-person instruction to other students served by the charter.

(3) Provide enrolled students both remote instruction and in-person instruction. A student who receives more than half of the student's instruction through remote instruction shall be classified as enrolled in the charter's remote charter academy.

(b) As part of the application or modification of a charter, the nonprofit shall designate which of the following enrollment areas the remote charter academy will use to enroll students:

(1) A statewide remote charter academy that admits students in accordance with G.S. 115C-218.45.

(2) A regional remote charter academy that, notwithstanding G.S. 115C-218.45(a), admits students only from the county in which the charter school facility is located and the counties of the State geographically contiguous to that county.

(c) A remote charter academy provides instruction primarily online through a combination of synchronous and asynchronous instruction delivered to students in a remote location outside of the charter school facility. A remote charter academy may include any combination of grade levels.

(d) Notwithstanding G.S. 115C-84.3, an approved remote charter academy may satisfy the minimum required number of instructional days or hours for the school calendar through remote instruction.

"**§ 115C-218.121. Remote charter academy enrollment.**

(a) A student shall not be assigned to attend a remote charter academy without parental consent. A board of directors shall require an application to secure parental consent prior to enrollment of a student in a remote charter academy.

(b) A remote charter academy shall identify characteristics for successful remote learning and establish criteria for admittance to a remote charter academy and shall make that information available to parents.

(c) A student may not be denied admission to the remote charter academy solely on the basis that the student is a child with a disability. If a student is admitted to a remote charter academy, that student's IEP team, as defined in G.S. 115C-106.3, or section 504 team, 29 U.S.C. § 794, must plan for a successful student entry and accommodations necessary to provide for a free appropriate public education in the remote charter academy.

(d) A charter that provides in-person instruction may reassign a student to in-person instruction during the school year if the board of directors determines that in-person instruction would better ensure academic success for that student. The board of directors may delegate this authority to the chief administrator.

"**§ 115C-218.122. Remote charter academy requirements.**

(a) Except as provided in this Part, a remote charter academy shall meet the same requirements as for other charter schools established by this Article.

(b) A remote charter academy shall provide all of the following to enrolled students:

(1) Any hardware and software needed to participate in the remote charter academy. Students may not be charged rental fees but may be charged damage fees for abuse or loss of hardware or software under rules adopted by the State Board of Education.

(2) Access to a learning management platform that enables monitoring of student performance and school-owned devices, as well as allows video conferencing and supervised text-based chat for synchronous communication.

(3) Access to the internet that is available during instructional hours, evenings, and weekends.

(4) Technical support that is available during instructional hours.

(5) For children with an individualized education program (IEP), as defined in G.S. 115C-106.3, or a section 504 plan, 29 U.S.C. § 794, adaptive or assistive devices, transportation, and in-person services as required by that program or plan.

(c) A remote charter academy may require students to attend in person to fulfill State-mandated student assessments. A remote charter academy may conduct optional in-person meetings between students and instructors or parents and instructors at a charter school facility.

(d) The employees of a remote charter academy shall meet the same licensure and evaluation requirements as required by G.S. 115C-218.90. The remote charter academy shall ensure sufficient digital teaching and learning support staff, including, at a minimum, the following:

(1) An instructional technology facilitator.

(2) A school library media coordinator.

(3) A data manager.

(4) Sufficient remote technicians to ensure technical support throughout the instructional day for staff and students.

"**§ 115C-218.123. Remote charter academy approval process.**

(a) A nonprofit seeking to provide a remote charter academy shall submit to the State Board of Education as part of the application for approval or modification of a charter a plan that provides for the following:

(1) Whether the enrollment area of the remote charter academy will be statewide or regional.

(2) The range of grades for which the remote charter academy will offer courses.

(3) The method by which the remote charter academy will monitor calendar compliance, enrollment, daily attendance, course credit accrual, progress toward graduation, and course completion.

(4) Hardware, software, and learning management platforms that support online learning.

(5) The measures used to ensure that both synchronous and asynchronous remote instruction time, practice, and application components support learning growth that continues toward mastery of student achievement goals for the charter's educational program.

(6) The professional development that will be provided to those teaching in the remote charter academy related to the pedagogy of providing remote instruction.

(7) The identified characteristics for successful remote learning and criteria for admission to the remote charter academy. The board of directors shall identify

the means by which information will be communicated to the parents and legal guardians of prospective applicants and current enrollees about the remote charter academy and those characteristics and criteria to allow for informed decisions about enrollment.

(8) Any school nutrition services or transportation services that will be provided to students.

(b) The State Board of Education shall review and approve a charter or charter modification for the creation of a remote charter academy that meets the requirements established in this Part for a term of five years. The State Board of Education shall approve a minimum of two statewide remote charter academies that meet the qualifications of this Part for operation beginning with the 2026-2027 school year and thereafter.

"**§ 115C-218.124. Operation and renewal of remote charter academies.**

(a) Each approved remote charter academy shall adhere to the plan submitted to and approved by the State Board of Education as part of the approved charter unless the board of trustees obtains a charter modification.

(b) Each approved remote charter academy shall receive a school code.

(c) A nonprofit may apply for renewal of the remote charter academy for additional terms of five years. The State Board shall consider compliance with the requirements of this Part and success of the remote charter academy in the prior five years in determining whether to approve a request for renewal of a remote charter academy.

"**§ 115C-218.125. Evaluation.**

The State Board of Education shall evaluate the success of remote charter academies approved under this Part. Success shall be measured by school performance scores and grades, retention rates, attendance rates, and, for grades nine through 12, high school completion and dropout rates. The Board shall report by November 15 of each year to the Joint Legislative Education Oversight Committee on the evaluation of these academies and on any recommended statutory changes."

SECTION 7.26.(b) G.S. 115C-84.3(c) reads as rewritten:

"(c) Except as provided in Part 7 of Article 14A or Part 3A of Article 16 of this Chapter or subsection (b) of this section, a public school unit shall not use remote instruction to satisfy the minimum required number of instructional days or hours for the school calendar."

SECTION 7.26.(c) G.S. 115C-218, 115C-218.1, 115C-218.2, 115C-218.3, 115C-218.5, 115C-218.6, 115C-218.7, and 115C-218.8 are codified into Part 1 of Article 14A of Chapter 115C of the General Statutes, Governance and Applications for Charter Schools. G.S. 115C-218.10, 115C-218.15, 115C-218.20, 115C-218.25, 115C-218.30, 115C-218.35, 115C-218.37, 115C-218.40, 115C-218.42, 115C-218.45, 115C-218.50, 115C-218.55, 115C-218.60, 115C-218.65, 115C-218.70, 115C-218.75, 115C-218.80, 115C-218.85, and 115C-218.90 are codified into Part 2 of Article 14A of Chapter 115C of the General Statutes, Operation of Charter Schools. G.S. 115C-218.94, 115C-218.95, and 115C-218.100 are codified into Part 3 of Article 14A of Chapter 115C of the General Statutes, Evaluation of Charter Schools. G.S. 115C-218.105 is codified into Part 4 of Article 14A of Chapter 115C of the General Statutes, Funding of Charter Schools. G.S. 115C-218.110 is codified into Part 5 of Article 14A of Chapter 115C of the General Statutes, Reporting on Charter Schools. G.S. 115C-218.115 is codified into Part 6 of Article 14A of Chapter 115C of the General Statutes, Charter Schools Pre-K Programs.

SECTION 7.26.(d) Section 8.35 of S.L. 2014-100, as amended by Section 8.13 of S.L. 2016-94, Section 7.13 of S.L. 2018-5, and Section 7.13 of S.L. 2022-74, reads as rewritten:

"**SECTION 8.35.(a)** Notwithstanding G.S. 115C-218.5 or any other provision of law to the contrary, the State Board of Education shall establish a pilot program to authorize the operation of two virtual charter schools serving students in kindergarten through twelfth grade. The State Board shall establish an application process to allow student enrollment in the selected virtual charter schools beginning with the 2015-2016 school year. A virtual charter school participating

in the pilot may serve any grade span of students in kindergarten through twelfth grade. The pilot program shall continue for a period of ~~10~~ 11 school years and shall end with the ~~2024-2025~~ 2025-2026 school year.

"**SECTION 8.35.(b)** The virtual charter schools participating in the pilot program authorized by this section shall be subject to the statutes and rules applicable to charter schools pursuant to Article 14A of Chapter 115C of the General Statutes, except as follows:

(1) The maximum student enrollment in any participating school ~~shall be no greater than 1,500 in its first year of operation and may increase by twenty percent (20%) for each participating school up to a maximum student enrollment of 2,592 in the fourth year of the pilot. The State Board of Education may waive this maximum student enrollment threshold, beginning in the fourth year of the school's operation, if the State Board determines that doing so would be in the best interest of North Carolina students.~~for the 2023-2024 school year shall be the authorized student enrollment for that participating school for the 2021-2022 school year plus enrollment growth of up to twenty percent (20%) of that enrollment. For the remaining years of the pilot, the participating schools may increase enrollment in accordance with G.S. 115C-218.7(b).

…

"**SECTION 8.35.(e)** The State Board of Education shall provide State funding to a virtual charter school participating in the pilot program as provided in G.S. 115C-218.105(a) and G.S. 115C-218.105(b). ~~The amount allocated pursuant to G.S. 115C-218.105(a)(1) shall not, however, include the allocation for low-wealth counties supplemental funding and the allocation for small county supplemental funding.~~ Virtual charter schools participating in the pilot program shall also be subject to the requirements in G.S. 115C-218.105(c) through G.S. 115C-218.105(e). ~~The amount of local funds provided to participating schools pursuant to G.S. 115C-218.105(c) shall be the lesser of seven hundred ninety dollars ($790.00) per pupil or the amount computed in accordance with G.S. 115C-218.105(c).~~

…."

SECTION 7.26.(e) A virtual charter school that participated in the pilot program authorized by Section 8.35 of S.L. 2014-100, as amended by Section 8.13 of S.L. 2016-94, Section 7.13 of S.L. 2018-5, Section 7.13 of S.L. 2022-74, and this section, shall be eligible to apply to the State Board of Education for a charter renewal as a remote charter academy as provided in Article 14A of Chapter 115C of the General Statutes.

SECTION 7.26.(f) This section is effective when it becomes law and applies beginning with the 2023-2024 school year.

SCHOOL HEALTH PERSONNEL ALLOTMENT

SECTION 7.27.(a) G.S. 115C-47(67) reads as rewritten:

"(67) To Provide ~~at Least One School Psychologist.~~ School Health Services. – Local boards of education shall ~~ensure that each local school administrative unit employs at least one full-time, permanent school psychologist.~~provide school health support services in accordance with G.S. 115C-316.5."

SECTION 7.27.(b) G.S. 115C-105.25(b)(13) reads as rewritten:

"(13) No positions shall be transferred out of the allocation for school ~~psychologists~~ health personnel except as provided in this subdivision. Positions allocated for school ~~psychologists~~ health personnel may be converted to dollar equivalents for contracted services directly related to school ~~psychology.~~ psychology, school counseling, school nursing, and school social work. These positions shall be converted at the minimum salary for ~~school psychologists~~ the position on the "A" Teachers Salary Schedule."

SECTION 7.27.(c) G.S. 115C-315 is amended by adding a new subsection to read:

"(d2) School Nurses. – The State Board of Education, in accordance with subsection (d) of this section, may adopt rules to establish the qualifications and training required to be hired or contracted for as a certified school nurse except the Board may not require or impose a requirement that would require a nurse to obtain a four-year degree as a condition of employment."

SECTION 7.27.(d) G.S. 115C-315(d1) is repealed.

SECTION 7.27.(e) G.S. 115C-316.1 reads as rewritten:

"**§ 115C-316.1. Duties of school counselors.**

(a) School counselors shall implement a comprehensive ~~developmental~~ school counseling program in their ~~schools. Counselors shall spend at least eighty percent (80%) of their work time~~ schools providing direct services to students. ~~Direct services do not include the coordination of standardized testing.~~ Direct services shall consist of:

(1) ~~Delivering~~ In coordination with the school career development coordinator, if any, delivering the school guidance curriculum through large group guidance, interdisciplinary curriculum development, group activities, and parent workshops.

~~(2) Guiding individual student planning through individual or small group assistance and individual or small group advisement.~~

(3) Providing responsive services through consultation with students, families, and staff; individual and small group counseling; crisis counseling; referrals; and peer facilitation.

(4) Performing other student services listed in the Department of Public Instruction school counselor job description that has been approved by the State Board of Education.

(b) School ~~counseling program support activities do not include the coordination of standardized testing. During the remainder of their work time, school counselors may assist other staff with the coordination of standardized testing.~~counselors shall not spend their work time coordinating standardized testing."

SECTION 7.27.(f) Article 21 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-316.1A. Duties of career development coordinators.**

(a) Career development coordinators shall spend at least eighty percent (80%) of their work time providing direct services to students. Direct services for career development coordinators shall consist of:

(1) In coordination with the school counselor, if any, delivering the school guidance curriculum through large group guidance, interdisciplinary curriculum development, group activities, and parents workshops.

(2) Guiding individual students through navigating the academic, training, and employment opportunities available to the student through individual or small group advisement.

(3) Performing other student services listed in the Department of Public Instruction career development coordinator job description that has been approved by the State Board of Education.

(b) Career development coordinators may spend the remainder of their work time assisting other staff with the coordination of standardized testing."

SECTION 7.27.(g) G.S. 115C-316.2 reads as rewritten:

"**§ 115C-316.2. School ~~mental~~ health ~~support~~ personnel reports.**

(a) Definition. – For purposes of this section, the term "school ~~mental~~ health ~~support~~ personnel" refers to school psychologists, school counselors, school nurses, and school social workers.

…."

SECTION 7.27.(h) G.S. 115C-316.5 reads as rewritten:

"**§ 115C-316.5. School ~~psychologists~~ health personnel allotment.**

(a) For the purposes of this section, the term "school health personnel" refers to the same positions listed in G.S. 115C-316.2(a).

To the extent funds are made available, the State Board of Education shall establish a funding allotment for school ~~psychologist~~ health personnel positions. The State Board is authorized to adopt rules for the allocation of school ~~psychologist~~ health personnel positions pursuant to this allotment. Rules adopted by the State Board pursuant to this section shall include, at a minimum, the following requirements:

(1) School ~~psychologist~~ health personnel positions are allocated on the basis of average daily membership.

(2) Each local school administrative unit receives sufficient funding for at least one school psychologist ~~position in accordance with G.S. 115C-47(67).~~position.

(3) Local school administrative units are encouraged to fill positions under this allotment with full-time, permanent employees. If the local school administrative unit is unable to fill these positions by hiring a full-time, permanent employee, the allocation for the position may be converted to a dollar equivalent for the unit to contract with a third party to provide the relevant services for an amount of hours equivalent to the hours a full-time position employee would provide."

SECTION 7.27.(i) The State Board of Education has authority to adopt temporary rules to enact the provisions of this section until such a time as permanent rules can be adopted. The State Board shall also develop and distribute guidelines to all local school administrative units to assist with the implementation of this section. Each local board of education shall develop a transition plan for implementing this section within existing resources.

COMMUNITIES IN SCHOOLS REPORTING

SECTION 7.28. No later than August 15, 2023, Communities in Schools of North Carolina, Inc., shall report to the Joint Legislative Education Oversight Committee at least the following information from the prior fiscal year:

(1) A detailed accounting of how State funds were spent by the program.

(2) An accounting of any other funding received from other sources.

(3) Any planned expenditures or future uses of received funds not reflected in the accounting required by subdivision (1) of this section.

(4) The number of students served by the program, including generalized data on the age, grade level, and location of students served.

(5) A description of how the program evaluates the effectiveness of the program or student success.

(6) Outcomes achieved by the program.

(7) Any other information the program deems relevant for the Committee to know.

ALLOW SCHOOLS IN ALL ZONING DISTRICTS

SECTION 7.29.(a) G.S. 160D-701 reads as rewritten:

"**§ 160D-701. Purposes.**

(a) Zoning regulations shall be made in accordance with a comprehensive plan and shall be designed to promote the public health, safety, and general welfare. To that end, the regulations may address, among other things, the following public purposes: to provide adequate light and air; to prevent the overcrowding of land; to avoid undue concentration of population; to lessen

congestion in the streets; to secure safety from fire, panic, and dangers; to facilitate the efficient and adequate provision of transportation, water, sewerage, schools, parks, and other public requirements; and to promote the health, safety, morals, or general welfare of the community. The regulations shall be made with reasonable consideration, among other things, as to the character of the district and its peculiar suitability for particular uses and with a view to conserving the value of buildings and encouraging the most appropriate use of land throughout the local government's planning and development regulation jurisdiction.

(b) ~~The regulations may not include, as a basis for denying a zoning or rezoning request from a school, the level of service of a road facility or facilities abutting the school or proximately located to the school.~~Zoning regulations shall provide that schools are a permitted use in all zoning districts, as provided in G.S. 160D-913.1."

SECTION 7.29.(b) Article 9 of Chapter 160D of the General Statutes is amended by adding a new section to read:

"**§ 160D-913.1. Schools are a permitted use.**

(a) Local government development regulations shall provide that a school is a permitted use as a matter of right in all zoning districts. The procedures of Article 6 of this Chapter shall not apply to a school. No development regulation for any zoning district may require a school to only be located on a site contiguous to a State-maintained road or highway.

(b) No school may be sited closer than within a 300 linear foot radius of an adult establishment, as defined in G.S. 14-202.10.

(c) Prior to the commencement of any construction on a site, a school shall notify the local government with development jurisdiction of the school's intent to construct. Notice under this section shall be in writing at least 60 days prior to the commencement of construction. A notice given under this section shall be valid for two years, excluding any time the school has a building permit application pending before the local government.

(d) This section shall not apply to zoning districts dedicated to industrial purposes inconsistent with school traffic and usage. Article 6 of this Chapter shall apply to a school desiring to construct a site in a zoning district dedicated to industrial purposes inconsistent with school traffic and usage.

(e) As used in this section, the following definitions shall apply:

(1) Construction. – The building, erection, renovation, or establishment of school buildings, facilities, and infrastructure and shall not include routine maintenance and repair.

(2) School. – As defined in G.S. 160A-307.1(b)(2)."

SECTION 7.29.(c) G.S. 160A-307.1 reads as rewritten:

"**§ 160A-307.1. Limitation on city requirements for street improvements related to schools.**

(a) A city may only require street improvements related to schools that are required for safe ingress and egress to the municipal street system and that are physically connected to a driveway on the school site. The required improvements shall not exceed those required pursuant to G.S. 136-18(29). G.S. 160A-307 shall not apply to schools. A city may only require street improvements related to schools as provided in ~~G.S. 160A-372.~~ G.S. 160D-804. The cost of any improvements to the municipal street system pursuant to this section shall be reimbursed by the city. Any agreement between a school and a city to make improvements to the municipal street system shall not include a requirement for acquisition of right-of-way by the school, unless the school is owned by an entity that has eminent domain power. Any right-of-way costs incurred by a school for required improvements pursuant to this section shall be reimbursed by the city. Notwithstanding any provision of this Chapter to the contrary, a city may not condition the approval of any ~~zoning, rezoning, or permit request~~ development approval on the waiver or reduction of any provision of this section.

(b) ~~The term~~ As used in this section, the following definitions shall apply:

(1) Development approval. – As defined in G.S. 160D-102.

(2) ~~"school," as used in this section, means any facility engaged in the educational instruction of children in any grade or combination of grades from kindergarten through the twelfth grade at which attendance satisfies the compulsory attendance law and includes charter schools authorized under G.S. 115C-218.5.~~School. – Any facility, including relocatable or modular units as either accessory or primary facilities, that is part of a public school unit, as defined in G.S. 115C-5, or part of any nonpublic school that meets the requirements of Part 1 or Part 2 of Article 39 of Chapter 115C of the General Statutes."

SECTION 7.29.(d) G.S. 14-202.11(c) reads as rewritten:

"(c) ~~Nothing~~ Except as provided in this subsection, nothing in this section shall be deemed to preempt local government regulation of the location or operation of adult establishments or other sexually oriented businesses to the extent consistent with the constitutional protection afforded free speech. In addition to any local regulation established under G.S. 160D-902, no adult establishment may be located closer than within a 300 linear foot radius of a school, as defined in G.S. 160A-307.1(b)(2)."

SECTION 7.29.(e) This section becomes effective December 1, 2023, and applies to school zoning applications pending or submitted on or after that date.

CODIFY USE OF SPECIAL STATE RESERVE FUND FOR TRANSPORTATION/TRANSPORTATION RESERVE FUND FOR HOMELESS AND FOSTER STUDENTS

SECTION 7.30.(a) Part 1 of Article 17 of Chapter 115C of the General Statutes is amended by adding two new sections to read:

"**§ 115C-250.3. Extraordinary Transportation Costs Grant.**

(a) There is established the Extraordinary Transportation Costs Grant Program (Program). The Program shall use funds from the Special State Reserve Fund (SSRF) to cover extraordinary costs associated with the transportation of high-needs students with disabilities.

(b) The Department of Public Instruction shall provide an application for local school administrative units and charter schools to apply for extraordinary transportation funds and may provide additional eligibility guidelines not inconsistent with this section. SSRF transportation funds shall be awarded to qualifying local school administrative units or charter schools consistent with the following:

(1) In determining extraordinary transportation costs, the Department shall consider total prior-year transportation expenditures for high-needs children with disabilities, including expenditures from local funds and all other funding sources, as a proportion of total expenditures.

(2) Applicants with highest extraordinary transportation costs shall receive highest priority in the award of grant funds.

(3) Funds may be awarded during the initial year of a high-needs student's enrollment in the local school administrative unit or charter school or in subsequent years of the student's enrollment.

"**§ 115C-250.5. Homeless and foster student transportation grant.**

(a) There is established the Transportation Reserve Fund for Homeless and Foster Students to provide for a grant program to cover extraordinary school transportation costs for homeless and foster students. For the purposes of this section, "homeless" is defined in accordance with the definition in the federal McKinney-Vento Homeless Assistance Act.

(b) The Department of Public Instruction shall provide an application process for local school administrative units and charter schools to apply for funds to cover extraordinary transportation costs for qualifying students. The Department shall establish eligibility guidelines and shall award funds consistent with the following requirements:

(1) In determining extraordinary transportation costs, the Department shall consider total prior-year transportation expenditures for homeless and foster children, including expenditures from local funds and all other funding sources, as a proportion of total expenditures.
(2) Priority shall be given to applicants in proportion to the extent that their applications and prior-year expenditures demonstrate use of available federal funds to cover the cost of transporting homeless and foster children.
(3) Awards shall not exceed fifty percent (50%) of extraordinary transportation costs as determined pursuant to this subsection.
(4) Awards shall not be issued on a pro rata basis to each eligible applicant."

SECTION 7.30.(b) Section 7.12(b) of S.L. 2021-180 is repealed.

SCHOOL HEALTH PERSONNEL PROFESSION ENTRY REPORT

SECTION 7.31.(a) No later than January 15, 2024, the State Superintendent shall study and report the following to the Joint Legislative Education Oversight Committee and the Fiscal Research Division:

(1) Policies, practices, standards, and curriculum adopted or implemented, as appropriate, by the State Board of Education, the Department of Public Instruction, educator preparation programs, and public school units for persons to receive training, licensure, and employment as school health support personnel in public school units.
(2) Barriers persons face when entering each school health support profession because of the policies, practices, standards, and curriculum identified in subdivision (1) of this subsection.
(3) Recommendations and any actions already taken to (i) reduce and eliminate the barriers to entry identified in subdivision (2) of this subsection and (ii) improve the number and quality of school health support personnel employed in public school units.

SECTION 7.31.(b) For purposes of this section, the term "school health personnel" refers to school psychologists, school counselors, school nurses, and school social workers.

MEDICAID REIMBURSEMENT REQUIRED FOR RESIDENTIAL SCHOOLS

SECTION 7.32. Section 7.16(a) of S.L. 2021-180 reads as rewritten:

"**SECTION 7.16.(a)** The Department of Public Instruction shall enter into a contract with a third-party entity for any administrative services necessary to receive maximum reimbursement for medically necessary health care services for which payment is available under the North Carolina Medicaid Program provided to eligible students attending the Governor Morehead School for the Blind, the Eastern North Carolina School for the Deaf, and the North Carolina School for the Deaf. The provisions of the contract shall ensure that the residential schools receive reimbursement for these services in a timely manner. If the Department of Public Instruction has not executed the contract required by this section by January 1, 2024, then the estimated amount that would have been reimbursed on a monthly basis had the contract been executed shall be deducted from the Department's budget and shall be appropriated directly to the residential schools until the contract is executed. Funds shall be deducted from Budget Code 13510, Fund Code 1000 of the Department's budget, except any funds appropriated for the Center for Safer Schools shall not be reduced, deducted, or transferred under this section."

DRIVER EDUCATION ADMINISTRATION FUNDS

SECTION 7.33. G.S. 115C-215(g) reads as rewritten:

"(g) ~~The Department of Public Instruction shall have a full-time director and other professional, administrative, technical, and clerical personnel as may be necessary for the~~

~~statewide administration of the driver education program.~~ Of the funds appropriated to the Department of Public Instruction each fiscal year pursuant to subsection (f) of this section, the Department may use up to ~~two percent (2%) of those funds~~ one hundred sixty-four thousand six hundred ninety dollars ($164,690), as adjusted to reflect legislative salary increments, retirement rate adjustments, and health benefit adjustments, for the direct costs for the statewide administration of the program, including any necessary positions."

ONLINE CLASSROOM SAFETY AND ANTI-BULLYING

SECTION 7.34.(a) Of the funds to be appropriated by this act from the ARPA Temporary Savings Fund to the Department of Public Instruction for the 2023-2025 fiscal biennium, the sum of seven million five hundred thousand dollars ($7,500,000) in nonrecurring funds shall be allocated in each year of the fiscal biennium to support contracting with third parties for technology to mitigate cyberbullying, monitor student internet activity, monitor classroom educational devices, and assist with suicide prevention services. The Department shall allocate funds in accordance with the following:

(1) Two million five hundred thousand dollars ($2,500,000) in each year of the fiscal biennium shall be allocated to the public school units on the basis of average daily membership for the schools to contract with a third party to provide the services identified in this section.

(2) Two million five hundred thousand dollars ($2,500,000) in each year of the fiscal biennium for the Department to contract with Gaggle.Net, Inc., to provide the services identified in this section.

(3) Two million five hundred thousand dollars ($2,500,000) in each year of the fiscal biennium for the Department to contract with Liminex, Inc., d/b/a GoGuardian, to provide the services identified in this section.

SECTION 7.34.(b) Of the funds appropriated by this act from the ARPA Temporary Savings Fund to the Department of Public Instruction for the 2023-2025 fiscal biennium, the sum of two million five hundred thousand dollars ($2,500,000) in nonrecurring funds shall be allocated in each year of the fiscal biennium for the Department to contract with a third party to provide public school units the services to prevent, detect, and remediate advanced malware threats.

RESET SCHOOL MEAL DEBT

SECTION 7.35. Of the funds appropriated in this act to the Department of Public Instruction in nonrecurring funds for the 2023-2024 fiscal year, the Department shall allocate up to seven million eight hundred thousand dollars ($7,800,000) to all school food authorities to satisfy any outstanding school meal debt. If this amount is insufficient to satisfy all outstanding school food authority debt by the end of the 2023-2024 fiscal year, the Department is authorized to draw on the State Public School Fund in an amount needed to satisfy any remaining debt.

SCHOOL SAFETY GRANTS

SECTION 7.36.(a) Definitions. – For the purposes of this section, the following definitions shall apply:

(1) Community partner. – A public or private entity, including, but not limited to, a nonprofit corporation or a local management entity/managed care organization (LME/MCO), that partners with a public school unit to provide services or pay for the provision of services for the unit.

(2) School health support personnel. – School psychologists, school counselors, school nurses, and school social workers.

SECTION 7.36.(b) Program; Purpose. – For the 2023-2025 fiscal biennium, the Superintendent of Public Instruction shall establish the 2023-2025 School Safety Grants Program

(Program). The purpose of the Program shall be to improve safety in public school units by providing grants in each fiscal year of the 2023-2025 fiscal biennium for (i) services for students in crisis, (ii) school safety training, (iii) safety equipment in schools, and (iv) subsidizing the School Resource Officer Grants Program.

SECTION 7.36.(c) Grant Applications. – A public school unit may submit an application to the Superintendent of Public Instruction for one or more grants pursuant to this section in each year of the 2023-2025 fiscal biennium. The application shall include an assessment, to be performed in conjunction with a local law enforcement agency, of the need for improving school safety within the public school unit that would receive the funding or services. The application shall identify current and ongoing needs and estimated costs associated with those needs.

SECTION 7.36.(d) Criteria and Guidelines. – By January 15, 2024, the Superintendent of Public Instruction shall develop criteria and guidelines for the administration and use of the grants pursuant to this section, including any documentation required to be submitted by applicants. In assessing grant applications, the Superintendent of Public Instruction shall consider at least all of the following factors:

(1) The level of resources available to the public school unit that would receive the funding.
(2) Whether the public school unit has received other grants for school safety.
(3) The overall impact on student safety in the public school unit if the identified needs are funded.

SECTION 7.36.(e) Grants for Students in Crisis. – Of the funds appropriated in this act from the ARPA Temporary Savings Fund to the Department of Public Instruction by this act for the grants provided in this section, the Superintendent of Public Instruction, in consultation with the Department of Health and Human Services, shall award grants to public school units to contract with community partners to provide or pay for the provision of any of the following crisis services:

(1) Crisis respite services for parents or guardians of an individual student to prevent more intensive or costly levels of care.
(2) Training and expanded services for therapeutic foster care families and licensed child placement agencies that provide services to students who (i) need support to manage their health, welfare, and safety and (ii) have any of the following:
    a. Cognitive or behavioral problems.
    b. Developmental delays.
    c. Aggressive behavior.
(3) Evidence-based therapy services aligned with targeted training for students and their parents or guardians, including any of the following:
    a. Parent-child interaction therapy.
    b. Trauma-focused cognitive behavioral therapy.
    c. Dialectical behavior therapy.
    d. Child-parent psychotherapy.
(4) Any other crisis service, including peer-to-peer mentoring, that is likely to increase school safety. Of the funds appropriated in this act from the ARPA Temporary Savings Fund to the Department of Public Instruction by this act for the grants provided in this section, the Superintendent shall use no more than three hundred fifty thousand dollars ($350,000) in each year of the 2023-2025 fiscal biennium for the services identified in this subdivision.

SECTION 7.36.(f) Grants for Training to Increase School Safety. – Of the funds appropriated in this act from the ARPA Temporary Savings Fund to the Department of Public Instruction by this act for the grants provided in this section, the Superintendent of Public

Instruction, in consultation with the Department of Health and Human Services, shall award grants to public school units to contract with community partners to address school safety by providing training to help students develop healthy responses to trauma and stress. The training shall be targeted and evidence-based and shall include any of the following services:

(1) Counseling on Access to Lethal Means (CALM) training for school health support personnel, local first responders, and teachers on the topics of suicide prevention and reducing access by students to lethal means.

(2) Training for school health support personnel on comprehensive and evidence-based clinical treatments for students and their parents or guardians, including any of the following:

a. Parent-child interaction therapy.

b. Trauma-focused cognitive behavioral therapy.

c. Behavioral therapy.

d. Dialectical behavior therapy.

e. Child-parent psychotherapy.

(3) Training for students and school employees on community resilience models to improve understanding and responses to trauma and significant stress.

(4) Training for school health support personnel on Modular Approach to Therapy for Children with Anxiety, Depression, Trauma, or Conduct problems (MATCH-ADTC), including any of the following components:

a. Trauma-focused cognitive behavioral therapy.

b. Parent and student coping skills.

c. Problem solving.

d. Safety planning.

(5) Any other training, including the training on the facilitation of peer-to-peer mentoring, that is likely to increase school safety. Of the funds appropriated in this act from the ARPA Temporary Savings Fund to the Department of Public Instruction by this act for the grants provided in this section, the Superintendent shall use no more than three hundred fifty thousand dollars ($350,000) in each year of the 2023-2025 fiscal biennium for the services identified in this subdivision.

SECTION 7.36.(g) Grants for Safety Equipment. – Of the funds appropriated in this act from the ARPA Temporary Savings Fund to the Department of Public Instruction by this act for the grants provided in this section, the Superintendent of Public Instruction shall award grants to public school units for (i) the purchase of safety equipment for school buildings and (ii) training associated with the use of safety equipment purchased pursuant to this subsection. Notwithstanding G.S. 115C-218.105(b), charter schools may receive grants for school safety equipment pursuant to this subsection.

SECTION 7.36.(g1) Subsidizing School Resource Officer Grants Program. – If the Superintendent of Public Instruction receives applications for grants for school resource officers under G.S. 115C-105.60 in excess of the amount of funding appropriated for school resource officer grants in the 2023-2025 fiscal biennium, the Superintendent may use the funds appropriated in this act from the ARPA Temporary Savings Fund to the Department of Public Instruction for the grants provided for in this Program to cover the unmet need for school resource officer grants.

SECTION 7.36.(h) Supplement Not Supplant. – Grants provided to public school units pursuant to the Program shall be used to supplement and not to supplant State or non-State funds already provided for these services.

SECTION 7.36.(i) Administrative Costs. – Of the funds appropriated in this act from the ARPA Temporary Savings Fund to the Department of Public Instruction by this act for the grants provided in this section, the Superintendent of Public Instruction may retain a total of up

to one hundred thousand dollars ($100,000) in each fiscal year of the 2023-2025 fiscal biennium for administrative costs associated with the Program.

SECTION 7.36.(j) Report. – No later than April 1 of each fiscal year in which funds are awarded pursuant to this section, the Superintendent of Public Instruction shall report on the Program to the Joint Legislative Education Oversight Committee, the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Justice and Public Safety, the Joint Legislative Commission on Governmental Operations, the Senate Appropriations/Base Budget Committee, the House Committee on Appropriations, and the Fiscal Research Division. The report shall include at least the following information:

(1) The identity of each public school unit and community partner that received grant funds through the Program.

(2) The amount of funding received by each entity identified pursuant to subdivision (1) of this subsection.

(3) The services, training, and equipment purchased with grant funds by each entity that received a grant.

(4) Recommendations for the implementation of additional effective school safety measures.

LIFE CHANGING EXPERIENCES

SECTION 7.37.(a) Of the funds appropriated in this act to the Department of Public Instruction, the Department shall use the sum of five hundred thousand dollars ($500,000) in nonrecurring funds for each year of the 2023-2025 fiscal biennium to contract with the Children and Parent Resource Group, Inc., to design, implement, and evaluate the Life Changing Experiences School Program (Project) in the 2023-2024 and 2024-2025 school years. The Project shall be operated and administered for students in grades six through 11 in at least the following local school administrative units: Cleveland County Schools, Greene County Schools, Lenoir County Public Schools, Lincoln County Schools, McDowell County Schools, Mitchell County Schools, and Pitt County Schools. The Department may select one or more additional local school administrative units to participate in the Project if the funds are sufficient to support additional units. These contract funds shall not be used for any purpose other than to implement the Project in the local school administrative units, which consists of interactive, holistic, and evidence-based multimedia education programs that are screened via in-person school assemblies, internet-based and synchronized remote access, or a combination of the two. The Project shall include theme-specific programs and certain additional follow-up applications that address dangerous life- and community-threatening activities that negatively impact teenagers, including alcohol and other drugs, dangerous driving, violence, and bullying. The goal of these programs is to increase positive intentions and behavioral outcomes by teaching students the techniques and skills that empower them to reach meaningful life goals, employ positive behaviors, and start businesses and social enterprises.

SECTION 7.37.(b) The Children and Parent Resource Group, Inc., in consultation with the Department of Public Instruction, shall submit a report on the Project authorized by subsection (a) of this section by March 15, 2024, to the Joint Legislative Education Oversight Committee and the Fiscal Research Division. The report shall include an accounting of expenditures and student outcome data related to the operation of the Project.

BEHAVIORAL INTERVENTION GRANTS

SECTION 7.38.(a) Definitions. – For the purposes of this section, the following definitions apply:

(1) Behavior intervention program. – A program that identifies and evaluates students whose behavior has hindered or interfered with the academic success of students or operation of an educational environment, then integrates a range

of solutions, including mental or behavioral health services, into the students' academic program to support or treat the underlying causes of the behavior.

(2) Community partner. – A public or private entity, including, but not limited to, a nonprofit corporation or a local management entity/managed care organization (LME/MCO), that partners with a public school unit to provide services or pay for the provision of services for the unit.

SECTION 7.38.(b) Program; Purpose. – For the 2023-2025 fiscal biennium, the Superintendent of Public Instruction shall establish the 2023-2025 Behavioral Intervention Grants Program (Program) to allow public school units to establish, update, or expand student behavior intervention programs to facilitate a student's continued in-person attendance at school and completion of the student's intended academic program.

SECTION 7.38.(c) Criteria and Guidelines. – No later than September 1, 2023, the Superintendent shall do the following:

(1) Develop guidelines for administration of the grant, including the means of application.

(2) Develop criteria for the approval of applications and determination of award amount. This criteria shall prioritize grants to schools without an existing behavioral intervention program and shall also consider the average daily membership, suspension rate, expulsion rate, and dropout rate of the school.

(3) Develop guidelines for the use of grant funds.

SECTION 7.38.(d) Supplement Not Supplant. – Funds awarded to public school units pursuant to this section shall supplement and not supplant funds from any other source provided for the same purpose.

SECTION 7.38.(e) Report. – No later than December 15, 2024, the Superintendent shall report on the Program to the Joint Legislative Education Oversight Committee and the Fiscal Research Division. The report shall include at least the following information:

(1) The public school units that participated and the community partners they contracted with, if any.

(2) The amount awarded to each public school unit.

(3) The services, training, or equipment purchased with grant funds.

(4) Recommendations for future behavioral intervention programs.

CHARTER SCHOOL REVIEW BOARD

SECTION 7.39.(a) G.S. 115C-218 reads as rewritten:

"**§ 115C-218. Purpose of charter schools; role of State Board of Education; establishment of North Carolina Charter Schools ~~Advisory~~ Review Board and North Carolina Office of Charter Schools.**

…

(a1) State Board of Education. – The State Board of Education shall have the following duties regarding charter schools:

(1) Rulemaking. – To establish all rules for the operation and approval of charter schools. Any rule adopted by the State Board must first be approved by the Charter Schools Review Board.

(2) Funding. – To allocate funds to charter schools.

(3) Appeals. – To hear appeals from decisions of the Charter Schools Review Board under G.S. 115C-218.9.

(4) Accountability. – To ensure accountability from charter schools for school finances and student performance.

(b) North Carolina Charter Schools ~~Advisory~~ Review Board. –

(1) ~~Advisory~~ Review Board. – There is created the North Carolina Charter Schools ~~Advisory~~ Review Board, hereinafter referred to in this Article as the

~~Advisory~~ Review Board. The ~~Advisory~~ Review Board shall be located administratively within the Department of Public Instruction and shall report to the State Board of Education.

(2) Membership. – The State Superintendent of Public Instruction, or the Superintendent's designee, shall be the secretary of the ~~Advisory Board and a nonvoting member.~~ Review Board. The ~~Advisory~~ Review Board shall consist of the following ~~11~~ 12 voting members:

a. Repealed by Session Laws 2016-126, 4th Ex. Sess., s. 17, effective January 1, 2017.

a1. The Superintendent of Public Instruction or the Superintendent's designee.

b. Four members appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate, in accordance with G.S. 120-121.

c. Four members appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives, in accordance with G.S. 120-121.

d. Two members appointed by the State Board of Education who are not current members of the State Board of Education and who are charter school advocates in North Carolina.

e. The Lieutenant Governor or the Lieutenant Governor's designee.

(3) Covered board. – The ~~Advisory~~ Review Board shall be treated as a board for purposes of Chapter 138A of the General Statutes.

(4) Qualifications of members. – Members appointed to the ~~Advisory~~ Review Board shall collectively possess strong experience and expertise in public and nonprofit governance, management and finance, assessment, curriculum and instruction, public charter schools, and public education law. All appointed members of the ~~Advisory~~ Review Board shall have demonstrated an understanding of and a commitment to charter schools as a strategy for strengthening public education.

…

(6) Presiding officers and quorum. – The ~~Advisory~~ Review Board shall annually elect a chair and a vice-chair from among its membership. The chair shall preside over the ~~Advisory~~ Review Board's meetings. In the absence of the chair, the vice-chair shall preside over the ~~Advisory~~ Review Board's meetings. A majority of the ~~Advisory~~ Review Board constitutes a quorum.

(7) Meetings. – Meetings of the ~~Advisory~~ Review Board shall be held upon the call of the chair or the vice-chair with the approval of the chair.

(8) Expenses. – Members of the ~~Advisory~~ Review Board shall be reimbursed for travel and subsistence expenses at the rates allowed to State officers and employees by G.S. 138-6(a).

(9) Removal. – Any appointed member of the ~~Advisory~~ Review Board may be removed by a vote of at least two-thirds of the members of the ~~Advisory~~ Review Board at any duly held meeting for any cause that renders the member incapable or unfit to discharge the duties of the office.

(10) Powers and duties. – The ~~Advisory~~ Review Board shall have the following duties:

a. To make recommendations to the State Board of Education on the adoption of rules regarding all aspects of charter school operation, including time lines, standards, and criteria for acceptance and

approval of applications, monitoring of charter schools, and grounds for revocation of charters.

b. To review ~~applications and make recommendations to the State Board for final approval of charter applications.~~and approve or deny charter applications, renewals, and revocations.

c. To make recommendations to the State Board on actions ~~regarding a charter school, including renewals of charters, nonrenewals of charters, and revocations of charters.~~before the State Board on appeal under G.S. 115C-218.9.

d. To undertake any other duties and responsibilities as assigned by the State Board.

(11) Duties of the chair of the ~~Advisory~~ Review Board. – In addition to any other duties prescribed in this Article, the chair of the ~~Advisory~~ Review Board, or the chair's designee, shall advocate for the recommendations of the ~~Advisory~~ Review Board at meetings of the State ~~Board upon the request of the State~~ Board.

(c) North Carolina Office of Charter Schools. –

…

(2) Executive Director. – The Executive Director shall report to and serve at the pleasure of the Superintendent of Public Instruction at a salary established by the Superintendent within the funds appropriated for this purpose. The duties of the Executive Director shall include presenting the recommendations and decisions of the ~~Advisory~~ Review Board at meetings of the State ~~Board upon the request of the State~~ Board.

(3) Powers and duties. – The Office of Charter Schools shall have the following powers and duties:

a. Serve as staff to the ~~Advisory~~ Review Board and fulfill any task and duties assigned to it by the ~~Advisory~~ Review Board.

…."

SECTION 7.39.(b) G.S. 115C-218.2 reads as rewritten:

"**§ 115C-218.2. Opportunity to correct applications; opportunity to address ~~Advisory~~ Review Board.**

(a) The ~~State Board of Education and the Advisory~~ Review Board shall provide timely notification to an applicant of any format issues or incomplete information in the initial application and provide the applicant at least five business days to correct those issues in the initial application. If the applicant submits the corrections within the five business days, equal consideration shall be given to that application.

(b) Before taking action regarding a charter school or charter school applicant, including ~~recommendations on~~ preliminary or final approval of charter applications, renewals of charters, nonrenewals of charters, and revocations of charters, the ~~Advisory~~ Review Board or a committee of the ~~Advisory~~ Review Board shall provide an opportunity for the applicant or charter board member to address the ~~Advisory~~ Review Board or its committee, if present, at a meeting."

SECTION 7.39.(c) G.S. 115C-218.3 reads as rewritten:

"**§ 115C-218.3. Fast-track replication of high-quality charter schools.**

Upon recommendations by the Office of Charter Schools and the Charter Schools ~~Advisory~~ Review Board, the State Board of Education shall adopt a process and rules for fast-track replication of high-quality charter schools currently operating in the State. The State Board of Education shall not require a planning year for applicants selected through the fast-track replication process. In addition to the requirements for charter applicants set forth in this Article, the fast-track replication process adopted by the State Board of Education shall, at a minimum,

require a board of directors of a charter school to demonstrate one of the following in order to qualify for fast-track replication:

(1) The board of directors operates charter schools and can demonstrate both of the following:
   a. The majority of charter schools in this State governed by the board of directors has student academic outcomes from the three prior school years that are equal to or greater than the student academic outcomes in the local school administrative unit in which each charter school is located.
   b. The board of directors can provide three years of financially sound audits for each school it governs.

(2) The board of directors agrees to contract with an education management organization or charter management organization that can demonstrate both of the following:
   a. The majority of the charter schools in this State managed by the organization has student academic outcomes from the three prior school years that are equal to or greater than the student academic outcomes in the local school administrative unit in which each charter school is located.
   b. The organization can provide three years of financially sound audits for each school it governs.

The State Board of Education shall ensure that the rules for a fast-track replication process provide that decisions by the ~~State Board of Education~~ Review Board on whether to grant a charter through the replication process are completed in less than 120 days from the application submission date. The ~~State~~ Review Board shall provide a decision no later than October 15 of the year immediately preceding the year of the proposed school ~~opening.~~opening, and any appeal of the Review Board's decision shall be heard and decided no later than December 1 of the same year."

SECTION 7.39.(d) G.S. 115C-218.5 reads as rewritten:

"**§ 115C-218.5. Final approval of applications for charter schools.**

(a) The ~~State~~ Review Board may grant final approval of an application if it finds the following:

(1) The application meets the requirements set out in this Article and such other requirements as may be adopted by the State Board of Education.
(2) The applicant has the ability to operate the school and would be likely to operate the school in an educationally and economically sound manner.
(3) Granting the application would achieve one or more of the purposes set out in G.S. 115C-218.

In reviewing applications for the establishment of charter schools within a local school administrative unit, the ~~State~~ Review Board is encouraged to give preference to applications that demonstrate the capability to provide comprehensive learning experiences to students identified by the applicants as at risk of academic failure.

(b) The ~~State~~ Review Board shall make final decisions on the approval or denial of applications by August 15 of a calendar year on all applications it receives prior to a date established by the Office of Charter Schools for receipt of applications in that application cycle. The ~~State~~ Review Board may make the final decision for approval contingent upon the successful completion of a planning period prior to enrollment of students.

(c) The ~~State Board of Education~~ Review Board may authorize a school before the applicant has secured its space, equipment, facilities, and personnel if the applicant indicates the authority is necessary for it to raise working capital. The State Board shall not allocate any funds to the school until the school has obtained space.

(d) The ~~State Board of Education~~ Review Board may grant the initial charter for a period not to exceed 10 years.

(e), (f) Repealed by Session Laws 2016-79, s. 1.1, effective June 30, 2016, and applicable beginning with the 2016-2017 school year.

(g) A charter school shall be entitled to automatically extend any deadline to begin operations or commence the term of its charter until the next school year if it notifies the ~~State~~ Review Board by June 30 that it is seeking land use or development approvals for its selected site or facilities or if it is challenging the denial of any requested land use or development approvals. The term of the charter issued ~~by the State Board~~ shall be tolled during the period of any extension or extensions issued under this section."

SECTION 7.39.(e) G.S. 115C-218.6 reads as rewritten:

"**§ 115C-218.6. Review and renewal of charters.**

(a) The ~~State Board of Education~~ Review Board shall review the operations of each charter school at least once prior to the expiration of its charter to ensure that the school is meeting the expected academic, financial, and governance standards.

(b) The ~~State Board of Education~~ Review Board shall renew a charter upon the request of the chartering entity for subsequent periods of 10 years, unless one of the following applies:

(1) The charter school has not provided financially sound audits for the immediately preceding three years.

(2) The charter school's student academic outcomes for the immediately preceding three years have not been comparable to the academic outcomes of students in the local school administrative unit in which the charter school is located.

(3) The charter school is not, at the time of the request for renewal of the charter, substantially in compliance with State law, federal law, the school's own bylaws, or the provisions set forth in its charter granted by the ~~State Board of Education.~~Review Board.

If one of the conditions set forth in subdivisions (1) through (3) of this subsection applies, then the ~~State~~ Review Board may renew the charter for a period of less than 10 years or not renew the charter."

SECTION 7.39.(f) G.S. 115C-218.7 reads as rewritten:

"**§ 115C-218.7. Material revisions of charters.**

(a) A material revision of the provisions of a charter shall be made only upon the approval of the ~~State Board of Education.~~Review Board.

(b) Enrollment growth of greater than twenty percent (20%) shall be considered a material revision of the charter if the charter is currently identified as low-performing. The ~~State~~ Review Board shall not approve a material revision for enrollment growth of greater than twenty percent (20%) for a charter that is currently identified as low-performing. Enrollment growth of greater than thirty percent (30%) shall be considered a material revision of the charter for any charter school that is not identified as low-performing. The ~~State~~ Review Board may approve such additional enrollment growth of greater than thirty percent (30%) only if it finds all of the following:

(1) The actual enrollment of the charter school is within ten percent (10%) of its maximum authorized enrollment.

(2) The charter school has commitments for ninety percent (90%) of the requested maximum growth.

(3) The charter school is not currently identified as low-performing.

(4) The charter school meets generally accepted standards of fiscal management.

(5) The charter school is, at the time of the request for the enrollment increase, substantially in compliance with State law, federal law, the charter school's

own bylaws, and the provisions set forth in its charter granted by the ~~State~~ Review Board.

(c) For the purposes of calculating actual enrollment and maximum authorized enrollment under subdivision (1) of subsection (b) of this section, if a charter school is pursuing a material revision of enrollment growth based on a proposed capital expansion of the charter school, but fails to meet the requirements of subdivision (1) of subsection (b) of this section, the ~~State~~ Review Board shall have the discretion to investigate and determine whether subdivision (1) of subsection (b) of this section may be waived to grant the school's material revision request to allow the capital expansion to move forward. In making such a determination, the charter school shall provide the ~~State~~ Review Board with documentation to show evidence that demonstrates sufficiently in the ~~State~~ Review Board's discretion all of the following:

(1) The requested increase in enrollment growth is within a reasonable margin of the threshold necessary to support the requested material revision.

(2) The charter school has secured financing for its proposed capital expansion conditioned on its obtaining the requested material revision of enrollment growth.

(d) If a charter school presents evidence of a proposed capital expansion as part of a request for a material revision of enrollment growth under this section that is granted by the ~~State~~ Review Board, and the charter school is not able to realize that capital expansion within two years of the grant of the material revision, the charter shall reflect the maximum authorized enrollment immediately preceding that material revision."

SECTION 7.39.(g) G.S. 115C-218.8 reads as rewritten:

"**§ 115C-218.8. Nonmaterial revisions of charters.**

It shall not be considered a material revision of a charter and shall not require prior approval of the ~~State~~ Review Board for a charter school to do any of the following:

(1) Increase its enrollment during the charter school's second year of operation and annually thereafter in accordance with G.S. 115C-218.7(b).

(2) Increase its enrollment during the charter school's second year of operation and annually thereafter in accordance with planned growth as authorized in its charter.

(3) Expand to offer one grade higher or lower than the charter school currently offers if the charter school has (i) operated for at least three years, (ii) has not been identified as continually low-performing as provided in G.S. 115C-218.94, and (iii) has been in financial compliance as required by the rules adopted by the State Board."

SECTION 7.39.(h) Article 14A of the General Statutes is amended by adding a new section to read:

"**§ 115C-218.9. Appeals to the State Board of Education.**

(a) An applicant, charter school, or the State Superintendent may appeal a final decision of the Review Board to grant, renew, revoke, or amend a charter by submitting notice to the Chair of the State Board of Education within 10 days of the Review Board's decision. Copies of the notice shall be sent to the Executive Director of the Office of Charter Schools, the State Superintendent, the Chair of the Review Board, and the applicant or charter school affected.

(b) The State Board shall review appealed decisions de novo. The party submitting the appeal, and the applicant or charter school affected, may provide any information to the State Board the party believes the Board should consider in reviewing the Review Board's decision.

(c) The State Board shall issue a written decision in any matter appealed under this section within 60 days of the date the notice of appeal was submitted. The State Board of Education has the final decision-making authority on the approval of charter application, renewals, revocations, and amendments."

SECTION 7.39.(i) G.S. 115C-218.15 reads as rewritten:

"**§ 115C-218.15. Charter school operation.**

(a) A charter school that is approved by the ~~State~~ Review Board shall be a public school within the local school administrative unit in which it is located. All charter schools shall be accountable to the ~~State~~ Review Board for ensuring compliance with applicable laws and the provisions of their charters.

…

(c) A charter school shall operate under the written charter signed by the ~~State Board and the applicant.~~ State Superintendent and the applicant. A charter school is not required to enter into any other contract. The charter shall incorporate the information provided in the application, as modified during the charter approval process, and any terms and conditions imposed on the charter school by the ~~State Board of Education.~~ Review Board, or if the approval is granted through an appeal pursuant to G.S. 115C-218.9, any conditions imposed by the State Board of Education. No other terms may be imposed on the charter school as a condition for receipt of local funds.

(d) The board of directors of the charter school shall decide matters related to the operation of the school, including budgeting, curriculum, and operating procedures.

(e) The board of directors of the private nonprofit corporation operating the charter school may have members who reside outside of the State. However, the State Board of Education may require by ~~policy~~ rule that a majority of the board of directors and all officers of the board of directors reside within the State.

…."

SECTION 7.39.(j) G.S. 115C-218.20(b) reads as rewritten:

"(b) No civil liability shall attach to the State Board of Education, the Charter Schools Review Board, the Superintendent of Public Instruction, or to any of their members or employees, individually or collectively, for any acts or omissions of the charter school."

SECTION 7.39.(k) G.S. 115C-218.30 reads as rewritten:

"**§ 115C-218.30. Accountability; reporting requirements to State Board of Education.**

…

(c) The school shall report at least annually to the Review Board and the State Board of Education the information required by rules adopted by the State Board."

SECTION 7.39.(*l*) G.S. 115C-218.35(c) reads as rewritten:

"(c) The local board of education shall make a decision on the charter's request to lease a building or land within 90 days of the request. If the local board of education does not make a decision within 90 days of the request of the charter school, the local board of education shall provide a written explanation of its reasons for not acting on the request within the 90-day time period to the North Carolina Charter Schools ~~Advisory~~ Review Board and the Joint Legislative Education Oversight Committee."

SECTION 7.39.(m) G.S. 115C-218.45 reads as rewritten:

"**§ 115C-218.45. Admission requirements.**

…

(f) The charter school may give enrollment priority to any of the following:

…

(3) Limited to no more than fifteen percent (15%) of the school's total enrollment, unless granted a waiver by the ~~State Board of Education,~~ Review Board the following:

a. Children or grandchildren of persons (i) employed full time by the charter school or (ii) working full time in the daily operation of the charter school, including children of persons employed by an education management organization or charter management organization for the charter school.

b. Children or grandchildren of the charter school's board of directors.

…

(g1) If a procedure for a weighted lottery reflecting the mission of the school has been approved by the ~~State~~ Review Board as part of the charter, and a lottery is needed under subsection (h) of this section, the lottery shall be conducted according to the procedure in the charter.

…."

SECTION 7.39.(n) G.S. 115C-218.90 reads as rewritten:

"**§ 115C-218.90. Employment requirements.**

(a) Employees. –

…

(4) The employees of the charter school shall be deemed employees of the local school administrative unit for purposes of providing certain State-funded employee benefits, including membership in the Teachers' and State Employees' Retirement System and the State Health Plan for Teachers and State Employees. The State Board of Education provides funds to charter ~~schools, approves the original members of the boards of directors of the charter schools, has the authority to grant, supervise, and revoke charters,~~ schools and demands full accountability from charter schools for school finances and student performance. Accordingly, it is the determination of the General Assembly that charter schools are public schools and that the employees of charter schools are public school employees. Employees of a charter school whose board of directors elects to become a participating employer under G.S. 135-5.3 are "teachers" for the purpose of membership in the North Carolina Teachers' and State Employees' Retirement System. In no event shall anything contained in this Article require the North Carolina Teachers' and State Employees' Retirement System to accept employees of a private employer as members or participants of the System.

…

(b) Criminal History Checks. –

…

(2) There shall be no liability for negligence on the part of the State Board of ~~Education~~ Education, the State Superintendent, the Review Board, or the board of directors of the charter school, or their employees, arising from any act taken or omission by any of them in carrying out the provisions of this subsection. The immunity established by this subsection shall not extend to gross negligence, wanton conduct, or intentional wrongdoing that would otherwise be actionable. The immunity established by this subsection shall be deemed to have been waived to the extent of indemnification by insurance, indemnification under Articles 31A and 31B of Chapter 143 of the General Statutes, and to the extent sovereign immunity is waived under the Tort Claims Act, as set forth in Article 31 of Chapter 143 of the General Statutes."

SECTION 7.39.(o) G.S. 115C-218.95 reads as rewritten:

"**§ 115C-218.95. Causes for nonrenewal or termination; disputes.**

(a) The ~~State Board of Education~~ Review Board may terminate, not renew, or seek applicants to assume the charter through a competitive bid process established by the ~~State~~ Review Board upon any of the following grounds:

(1) Failure to meet the requirements for student performance contained in the charter;

(2) Failure to meet generally accepted standards of fiscal management;

(3) Violations of law;

(4) Material violation of any of the conditions, standards, or procedures set forth in the charter;

(5) Two-thirds of the faculty and instructional support personnel at the school request that the charter be terminated or not renewed; or

(6) Other good cause identified.

(b) Repealed by Session Laws 2016-79, s. 1.7(b), effective June 30, 2016, and applicable beginning with the 2016-2017 school year.

(b1) If a charter school is continually low-performing, the ~~State~~ Review Board is authorized to terminate, not renew, or seek applicants to assume the charter through a competitive bid process established by the ~~State~~ Review Board. However, the ~~State~~ Review Board shall not terminate or not renew the charter of a continually low-performing charter school solely for its continually low-performing status if the charter school has met growth in each of the immediately preceding three school years or if the charter school has implemented a strategic improvement plan approved by the ~~State~~ Review Board and is making measurable progress toward student performance goals. The State Board shall develop rules on the assumption of a charter by a new entity that includes all aspects of the operations of the charter school, including the status of the employees. Public assets shall transfer to the new entity and shall not revert to the local school administrative unit in which the charter school is located pursuant to G.S. 115C-218.100(b).

(c) The ~~State~~ Review Board ~~of Education~~ shall develop and implement a process to address contractual and other grievances between a charter school and the local board of education during the time of its charter.

(d) The ~~State~~ Review Board and the charter school are encouraged to make a good-faith attempt to resolve the differences that may arise between them. They may agree to jointly select a mediator. The mediator shall act as a neutral facilitator of disclosures of factual information, statements of positions and contentions, and efforts to negotiate an agreement settling the differences. The mediator shall, at the request of either the ~~State~~ Review Board or a charter school, commence a mediation immediately or within a reasonable period of time. The mediation shall be held in accordance with rules and standards of conduct adopted under Chapter 7A of the General Statutes governing mediated settlement conferences but modified as appropriate and suitable to the resolution of the particular issues in disagreement.

Notwithstanding Article 33C of Chapter 143 of the General Statutes, the mediation proceedings shall be conducted in private. Evidence of statements made and conduct occurring in a mediation are not subject to discovery and are inadmissible in any court action. However, no evidence otherwise discoverable is inadmissible merely because it is presented or discussed in a mediation. The mediator shall not be compelled to testify or produce evidence concerning statements made and conduct occurring in a mediation in any civil proceeding for any purpose, except disciplinary hearings before the State Bar or any agency established to enforce standards of conduct for mediators. The mediator may determine that an impasse exists and discontinue the mediation at any time. The mediator shall not make any recommendations or public statement of findings or conclusions. The ~~State~~ Review Board and the charter school shall share equally the mediator's compensation and expenses. The mediator's compensation shall be determined according to rules adopted under Chapter 7A of the General Statutes."

SECTION 7.39.(p) G.S. 115C-218.105 reads as rewritten:

"**§ 115C-218.105. State and local funds for a charter school.**

…

(c4) The local school administrative unit and charter school may use the process for mediation of differences between the ~~State~~ Review Board and a charter school provided in G.S. 115C-218.95(d) to resolve differences on calculation and transference of the per pupil share of the local current expense fund. In the event the local school administrative unit and the charter school disagree on the amount owed to the charter school, the local school administrative unit may delay transfer of the disputed amount but shall not delay the transfer of the undisputed

amount. The amount transferred under this subsection that consists of revenue derived from supplemental taxes shall be transferred only to a charter school located in the tax district for which these taxes are levied and in which the student resides.

(d) The local school administrative unit shall also provide each charter school to which it transfers a per pupil share of its local current expense fund with all of the following information within the 30-day time period provided in subsection (c) of this section:

(1) The total amount of monies the local school administrative unit has in each of the funds listed in G.S. 115C-426(c).

(2) The student membership numbers used to calculate the per pupil share of the local current expense fund.

(3) How the per pupil share of the local current expense fund was calculated.

(4) Any additional records requested by a charter school from the local school administrative unit in order for the charter school to audit and verify the calculation and transfer of the per pupil share of the local current expense fund.

In addition, the local school administrative unit shall provide to the State Board of Education and the Review Board all of the information required by this subsection for each charter school to which it transfers a per pupil share of its local current expense fund. This information shall be provided to the State Board of Education by November 1 of each year. The State Board shall adopt ~~a policy~~ rules, as approved by the Review Board, to govern the collection of this information. The State Board shall issue a letter of noncompliance to a local school administrative unit that does not provide the State Board and Review Board with the information required by this subsection.

…."

SECTION 7.39.(q) G.S. 115C-218.110(a) reads as rewritten:

"(a) The ~~State Board of Education~~ Charter Schools Review Board shall distribute information announcing the availability of the charter school process described in this Article to each local school administrative unit and public postsecondary educational institution and, through press releases, to each major newspaper in the State."

SECTION 7.39.(r) G.S. 115C-296.2(b)(1) reads as rewritten:

"(1) A "North Carolina public school" is a school operated by a local board of education, the Department of Health and Human Services, the Division of Juvenile Justice of the Department of Public Safety, or The University of North Carolina; a school affiliated with The University of North Carolina; or a charter school approved by the ~~State Board of Education.~~Charter Schools Review Board."

SECTION 7.39.(s) G.S. 135-5.3(b1) read as rewritten:

"(b1) The board of directors of a charter school operated by a private nonprofit corporation or a charter school operated by a municipality that has received ~~State Board of Education~~ Charter Schools Review Board approval under G.S. 115C-218.5 may elect to become a participating employer in the Retirement System in accordance with this Article."

SECTION 7.39.(t) G.S. 135-48.54(b) reads as rewritten:

"(b) No later than two years after both parties have signed the written charter under G.S. 115C-218.15, the board of directors of a charter school operated by a private nonprofit corporation or a charter school operated by a municipality shall elect whether to become a participating employer in the Plan in accordance with this Article. This election shall be in writing and filed with the ~~Plan~~ Plan, the Charter Schools Review Board, and the State Board of Education. This election is effective for each charter school employee as of the date of that employee's entry into eligible service."

SECTION 7.39.(u) The current members of the Charter Schools Advisory Board shall serve as initial members of the Charter Schools Review Board. Notwithstanding

G.S. 115C-218(b), as amended by this act, upon the expiration of the current term of the Charter Schools Review Board Members, (i) one term expiring in 2023 shall be replaced with an appointment by the General Assembly upon the recommendation of the Speaker of the House of Representatives, in accordance with G.S. 120-121, and (ii) two terms expiring in 2023 shall be replaced with an appointment by the General Assembly upon the recommendation of the President Pro Tempore of the Senate, in accordance with G.S. 120-121. Those members shall be appointed for two-year terms. As those terms expire in 2025 and thereafter, or as vacancies occur prior to the expiration of those terms, those members on the North Carolina Charter Schools Review Board shall be appointed in accordance with G.S. 115C-218.

NBPTS PARTICIPATION FEE GRANT PROGRAM

SECTION 7.40. Article 20 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-296.2A. National Board for Professional Teaching Standards certification participation fee grant program.**

(a) Notwithstanding G.S. 115C-296.2, to the extent the General Assembly provides funds for this purpose, the Department of Public Instruction shall establish a grant program for qualifying public schools to improve teacher quality and mitigate learning loss by reimbursing teachers for the cost of the participation fee for National Board for Professional Teaching Standards (NBPTS) certification.

(b) Definitions. – The following definitions shall apply in this section:

(1) Public school. – Any of the following:

a. A school in a public school unit.

b. A school providing elementary or secondary instruction operated by The University of North Carolina under Article 4 or Article 29 of Chapter 116 of the General Statutes.

(2) Qualifying public school. – A public school that meets any of the following criteria:

a. Is identified as a low-performing school pursuant to G.S. 115C-105.37 or G.S. 115C-218.94.

b. Enrolled a student body in the school year prior to the application for reimbursement consisting of at least ten percent (10%) of students identified by the Department as at-risk students.

(c) Grant Applications and Approval. – The governing board of a qualifying public school may apply to the Department of Public Instruction for grant funds to reimburse teachers employed in the qualifying public school for the cost of the participation fee for NBPTS certification. The Department shall develop criteria and guidelines for governing bodies of public schools that receive grant funds to follow when administering the reimbursements. The criteria shall include at least the following:

(1) Governing bodies of public schools receiving grant funds shall prioritize reimbursements for teachers based on the need of the school where the teacher is employed at the time of the reimbursement, including at least the following criteria:

a. A teacher employed in a qualifying public school with more qualifying factors, as identified in sub-subdivisions a. and b. of subdivision (2) of subsection (b) of this section, shall receive priority over a teacher employed in a qualifying public school with fewer qualifying factors.

b. For teachers employed in qualifying schools pursuant to sub-subdivision b. of subdivision (2) of subsection (b) of this section, teachers employed in schools with a higher percentage of at-risk

students shall receive priority over teachers employed in schools with a lower percentage of at-risk students.

(2) Governing bodies of public schools receiving grant funds shall not require a teacher to complete the NBPTS certification process in order to receive a reimbursement.

(d) Report. – No later than January 15 of each year in which funds are awarded, the Department shall report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the impact of the program, including at least the following information:

(1) Governing bodies of public schools applying for and receiving grants.

(2) Number of teachers receiving reimbursements.

(3) Demographic information of teachers receiving reimbursements.

(4) Employment status of teachers receiving reimbursements, including the public school where the teacher is employed and whether the teacher remains employed with his or her original qualifying public school.

(5) Licensure areas of teachers receiving reimbursements.

(6) Effect of the program on the performance and growth of students taught by teachers receiving reimbursements."

REQUIRE ETHICS TRAINING FOR CERTAIN SCHOOL EMPLOYEES AND REVISE TERMS AND CONDITIONS OF SCHOOL FINANCE OFFICER EMPLOYMENT

SECTION 7.41.(a) Article 22 of Chapter 115C of the General Statutes is amended by adding a new Part to read:

"Part 10. Employee Ethics Training.

"**§ 115C-335.15. Ethics training for certain public school employees.**

All employees of a local school administrative unit involved in the making or administering of contracts, as described in G.S. 14-234, shall receive a minimum of two hours of ethics training, as follows:

(1) The training shall be required once in every odd-numbered year.

(2) Upon assuming the responsibility of making or administering contracts, a school employee shall receive an initial training within 90 days and subsequent trainings in every odd-numbered year thereafter.

(3) The training shall include position-specific education on conflicts of interest and ethical standards of conduct.

(4) The training may be provided by the School of Government at the University of North Carolina at Chapel Hill or another qualified source at the choice of the local board of education."

SECTION 7.41.(b) All employees of a local school administrative unit involved in the making or administering of contracts as of the effective date of this act shall receive an initial training to comply with G.S. 115C-335.15, as enacted by subsection (a) of this section, within six months of the effective date of this act.

SECTION 7.41.(c) G.S. 115C-435 reads as rewritten:

"**§ 115C-435. School finance officer.**

(a) Each local school administrative unit shall have a school finance officer who shall be appointed or designated by the superintendent of schools and approved by the board of ~~education, with the school finance officer serving at the pleasure of the superintendent.~~ education. The duties of school finance officer may be conferred on any officer or employee of the local school administrative unit or, upon request of the superintendent, with approval by the board of education and the board of county commissioners, on the county finance officer. In counties where there is more than one local school administrative unit, the duties of finance officer may be conferred on any one officer or employee of the several local school administrative units by agreement between the affected superintendents with the concurrence of the affected board of

education and the board of county commissioners. The position of school finance officer is hereby declared to be an office that may be held concurrently with other appointive, but not elective, offices pursuant to Article VI, Sec. 9, of the Constitution.

(b) Local boards of education may, upon the recommendation of the superintendent, elect school finance officers for a term of from one to four years. The term may not, however, exceed the expiration date of the superintendent's contract, unless the remaining time of the superintendent's contract is less than one year. If there is less than one year remaining on the superintendent's contract, the school finance officer shall be given a contract through the next school year.

(c) The term of employment shall be stated in a written contract which shall be entered into between the board of education and the school finance officer, a copy of which shall be filed with the Superintendent of Public Instruction as a matter of information. The school finance officer may not be dismissed during the term to which he or she is elected except for misconduct of such a nature as to indicate he or she is unfit to continue in the school finance officer's position, incompetence, neglect of duty, or failure or refusal to carry out validly assigned duties."

SECTION 7.41.(d) Subsection (c) of this section applies to contracts entered into between school finance officers and local boards of education on or after the date this act becomes law.

CAREER AND COLLEGE READY GRADUATE PROGRAM CHANGES/CODIFICATION

SECTION 7.42.(a) Article 8 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-81.90. Career and College Ready Graduate Program.**

(a) Program Established. – The State Board of Education and the State Board of Community Colleges shall establish a program that introduces college developmental mathematics and developmental reading and English content during high school and provides opportunities in all high schools statewide for college remediation for students prior to high school graduation through cooperation with community college partners. Students who are enrolled in the Occupational Course of Study to receive their high school diplomas shall not be required to participate in the program or be required to take mandatory remedial courses as provided for in this section, unless a parent specifically requests through the individualized education program (IEP) process that the student participates. The program shall require at least the following:

(1) Establishment by the State Board of Community Colleges of measures for determining student readiness and preparation for college coursework by using ACT scores, student grade point averages, or other measures used by the State Board of Community Colleges to determine college readiness for entering students. Exemptions based on student achievement and postsecondary plans may be jointly recommended by the Department of Public Instruction and the Community Colleges System Office to the State Board of Community Colleges for their approval.

(2) Changes in curriculum, policy, and rules as needed by the State Board of Community Colleges and the State Board of Education to make remedial content mandatory for students who do not meet readiness indicators by the beginning of their senior year or who do not qualify for an exemption prior to high school graduation.

(3) High schools to use content approved by the State Board of Community Colleges, in consultation with the State Board of Education.

(4) To ensure students shall not require remediation upon placement at a North Carolina community college, the State Board of Community Colleges shall establish the following for the program:

a. Appropriate measures of successful completion of the remedial content to ensure students are prepared for coursework at a North Carolina community college without need for further remediation in mathematics or reading and English.

b. The length of time following high school graduation in which a student who successfully completed high school remedial content will not be required to enroll in developmental courses at a North Carolina community college.

(5) Delivery of remedial content by high school faculty consistent with policies adopted by the State Board of Community Colleges and the State Board of Education. The policies shall include, at a minimum, the following requirements:

a. High school faculty teaching the approved remedial content shall successfully complete training requirements as determined by the State Board of Community Colleges, in consultation with the State Board of Education.

b. The North Carolina Community College System shall periodically review the remedial content and professional development requirements to ensure appropriate instructional delivery.

(b) Report. – Beginning December 15, 2023, and annually thereafter, the State Board of Community Colleges and the State Board of Education shall jointly report to the Fiscal Research Division and the Joint Legislative Education Oversight Committee on program outcomes, including impact on remediation rates by public school units in both mathematics and reading and English for recent high school graduates entering a North Carolina community college."

SECTION 7.42.(b) G.S. 115C-12(9d)a. reads as rewritten:

"a. The Board may develop exit standards that shall be required for high school graduation. The Board shall require the following for high school graduation:

1. Successful completion of instruction in cardiopulmonary resuscitation as provided in G.S. 115C-81.25(c)(10).

2. A passing grade in the semester course on the Founding Principles of the United States of America and the State of North Carolina described in G.S. 115C-81.45(d)(1).

3. Participation in the Career and College Ready Graduate Program for students who do not meet readiness indicators by the beginning of their senior year unless qualifying for an exemption prior to high school graduation pursuant to G.S. 115C-81.90."

SECTION 7.42.(c) G.S. 115D-5 is amended by adding a new subsection to read:

"(z) The State Board of Community Colleges shall establish the Career and College Ready Graduate Program with the State Board of Education for the purpose of introducing college developmental mathematics and developmental reading and English content during high school and providing opportunities in all high schools statewide for college remediation for students prior to high school graduation through cooperation with community college partners in accordance with G.S. 115C-81.90. Beginning December 15, 2023, and annually thereafter, the State Board of Community Colleges and the State Board of Education shall jointly report to the Joint Legislative Education Oversight Committee on program outcomes, including impact on

remediation rates by public school units in both mathematics and reading and English for recent high school graduates entering a North Carolina community college."

SECTION 7.42.(d) Section 10.13 of S.L. 2015-241, as amended by Section 10.5 of S.L. 2016-94 and Section 9.4 of S.L. 2018-5, is repealed.

SECTION 7.42.(e) This section applies beginning with the 2023-2024 school year.

COMBINING OF THE EDUCATION AND WORKFORCE INNOVATION COMMISSION GRANT PROGRAMS

SECTION 7.43. Article 6C of Chapter 115C of the General Statutes reads as rewritten:

"Article 6C.

"Education and Workforce Innovation and CTE Grade Expansion Program.

"**§ 115C-64.15. North Carolina Education and Workforce Innovation Commission.**

(a) There is created the North Carolina Education and Workforce Innovation Commission (Commission). The Commission shall be located administratively in the Department of Public Instruction but shall exercise all its prescribed powers independently of the Department of Public Instruction. Of the funds appropriated for the Education and Workforce Innovation and CTE Grade Expansion Program established under G.S. 115C-64.16, up to ten percent (10%) of those funds each fiscal year may be used by the Department of Public Instruction to provide technical assistance and administrative assistance, including staff, to the Commission and for reimbursements and expenses for the Commission for the Education and Workforce Innovation ~~Program and the Career and Technical Education Grade Expansion~~ and CTE Grade Expansion Program.

(b) The Commission shall consist of the following 14 members:

(1) The Secretary of Commerce or his or her designee.

(2) The State Superintendent of Public Instruction or his or her designee.

(3) The Chair of the State Board of Education or his or her designee.

(4) The President of The University of North Carolina or his or her designee.

(5) The President of the North Carolina Community College System or his or her designee.

(6) Three members appointed by the Governor who have experience in education.

(7) Three members appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives, as provided in G.S. 120-121, who have experience in businesses operating in North Carolina.

(8) Three members appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate, as provided in G.S. 120-121, who have experience in businesses operating in North Carolina.

(b1) Members appointed by the Governor or the General Assembly shall serve for three-year terms commencing July 1 of the year of appointment and may serve successive terms.

(c) The Commission members shall elect a chair from the membership of the Commission. The Commission shall meet at least three times annually on the call of the Chair or as additionally provided by the Commission. A quorum is six members of the Commission. Members may not ~~send designees to Commission meetings nor may they~~ vote by proxy.

(d) The Commission shall develop and administer the Education and Workforce Innovation and CTE Grade Expansion Program, as established under G.S. 115C-64.16, in collaboration with the North Carolina Career and Technical Education Foundation, Inc., and make awards of grants under the Program.

~~(d1) The Commission shall develop and administer, in coordination with the State Board of Education and the Superintendent of Public Instruction, and in collaboration with the North Carolina Career and Technical Education Foundation, Inc., the Career and Technical Education~~

~~Grade Expansion Program, as established under G.S. 115C-64.17, and shall make awards of grants under the Program.~~

(d2) The North Carolina Career and Technical Education Foundation, Inc., shall ~~serve as a grant administrator by providing~~ provide assistance and support to grantees for initiating, expanding, improving, and promoting career and technical education initiatives.

(e) The ~~Commission, in consultation with the North Carolina Career and Technical Education Foundation, Inc.,~~ Commission shall publish a report on the Education and Workforce Innovation and CTE Grade Expansion Program ~~and the Career and Technical Education Grade Expansion Program~~ on or before April 30 of each year. The report shall be submitted to the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, the Fiscal Research Division, the Joint Legislative Education Oversight Committee, the State Board of Education, the State Board of Community Colleges, and the Board of Governors of The University of North Carolina. The report shall include at least all of the following information:

(1) An accounting of how funds and personnel resources were utilized for ~~each~~ the program and their impact on student achievement, retention, and employability.
(2) Recommended statutory and policy changes.
(3) Recommendations for improvement of ~~each~~ the program.
(4) For the Career and Technical Education Grade Expansion ~~Program,~~ Grants, recommendations on increasing availability of grants after the first two years ~~of the program~~ to include additional local school administrative ~~units~~ units, charter schools, or providing additional grants to prior recipients.

"**§ 115C-64.16. The Education and Workforce Innovation ~~Program.~~and CTE Grade Expansion Program; innovation grants.**

(a) Program Establishment. – There is established the Education and Workforce Innovation and CTE Grade Expansion Program (Program) to foster innovation in education that will lead to more students graduating career and college ~~ready.~~and to prioritize the inclusion of students in sixth and seventh grades through grant awards provided to selected local school administrative units and charter schools.

(a1) Types of Grant Awards. – Funds appropriated to the Program shall be used to award competitive grants depending on the needs of the State, as determined by the Commission, by dividing the grants between each type as innovation grants pursuant to the provisions of this section or as grants for grade expansion for career and technical education pursuant to the provisions of G.S. 115C-64.17.

(a2) Innovation Grants. – Competitive grants shall be awarded to ~~an~~ a charter school, an individual ~~school,~~ school in a local school administrative unit, a local school administrative unit, or a regional partnership of more than one local school administrative unit to advance comprehensive, high-quality education that equips teachers and other hired personnel with the knowledge and skill required to succeed with all students. Before receiving ~~a~~ an innovation grant, applicants must meet all of the following conditions:

(1) Form a partnership, for the purposes of the grant, with either a public or private university or a community college.
(2) Form a partnership, for the purposes of the grant, with regional businesses and business leaders.
(3) Demonstrate the ability to sustain innovation once grant funding ends.

(b) Applicant Categories and Specific ~~Requirements.~~ Requirements for Innovation Grants. –

(1) Individual schools. – ~~Individual public schools~~ Charter schools and individual public schools in local school administrative units must demonstrate all of the following in their applications:

a. Partnerships with business and industry to determine the skills and competencies needed for students' transition into growth sectors of the regional economy.
b. Aligned pathways to employment, including students' acquisition of college credit or industry recognized credentials.
c. Development of systems, infrastructure, capacity, and culture to enable teachers and school leaders to continuously focus on improving individual student achievement.

(2) Local school administrative units. – Local school administrative units must demonstrate all of the following in their applications:
a. Implementation of comprehensive reform and innovation.
b. Appointment of a senior leader to manage and sustain the change process with a specific focus on providing parents with a portfolio of meaningful options among schools.

(3) Regional partnerships of two or more local school administrative units. – Partnerships of two or more local school administrative units must demonstrate all of the following in their applications:
a. Implementation of resources of partnered local school administrative units in creating a tailored workforce development system for the regional economy and fostering innovation in each of the partnered local school administrative units.
b. Promotion of the development of knowledge and skills in career clusters of critical importance to the region.
c. Benefits of the shared strengths of local businesses and higher education.
d. Usage of technology to deliver instruction over large geographic regions and build networks with industry.
e. Implementation of comprehensive reform and innovation that can be replicated in other local school administrative units.

(c) Consideration of Factors in Awarding of Innovation Grants. – All applications must include information on at least the following in order to be considered for ~~a~~ an innovation grant:

(1) Describe the aligned pathways from school to high-growth careers in regional economies.
(2) Leverage technology to efficiently and effectively drive teacher and principal development, connect students and teachers to online courses and resources, and foster virtual learning communities among faculty, higher education partners, and business partners.
(3) Establish a comprehensive approach to enhancing the knowledge and skills of teachers and administrators to successfully implement the proposed innovative program and to graduate all students ready for work and college.
(4) Link to a proven provider of professional development services for teachers and administrators capable of providing evidence-based training and tools aligned with the goals of the proposed innovative program.
(5) Form explicit partnerships with businesses and industry, which may include business advisory councils, internship programs, and other customized projects aligned with relevant workforce skills.
(6) Partner with community colleges or public or private universities to enable communities to challenge every student to graduate with workplace credentials or college credit.
(7) Align K-12 and postsecondary instruction and performance expectations to reduce the need for college remediation courses.

(8) Secure input from parents to foster broad ownership for school choice options and to foster greater understanding of the need for continued education beyond high school.

(9) Provide a description of the funds that will be used and a proposed budget for ~~five years.~~each of the grant years.

(10) Describe the source of matching funds required in subsection (d) of this section.

(11) Establish a strategy to achieve meaningful analysis of program outcomes due to the receipt of grant funds under this section.

(d) Matching Private and Local ~~Funds.~~ Funds for Innovation Grants. – All innovation grant applicants must match fifty percent (50%) of all State dollars. Matching funds shall not include other State funds. Matching funds may include in-kind contributions.

(e) Awards for Innovation Grants. – Any innovation grants awarded by the Commission may be spent over a five-year period from the initial award. Grants may be awarded for new or existing projects. Grant funds shall not revert but shall be available until expended.

(f) Innovation Grant Recipient Reporting Requirements. – No later than September 1 of each year, ~~a~~ an innovation grant recipient shall submit to the Commission an annual report for the preceding grant year that describes the academic progress made by the students and the implementation of program initiatives.

"**§ 115C-64.17. ~~The~~ Career and Technical Education Grade Expansion ~~Program.~~Grants.**

(a) ~~Program Establishment.~~ CTE Grade Expansion Grants. – ~~There is established the Career and Technical Education Grade Expansion Program (Program) to expand~~ Career and Technical Education Grade Expansion grants shall be awarded under the Program for the purpose of expanding career and technical education (CTE) programs by prioritizing the inclusion of students in sixth and seventh grade through grant awards provided to selected local school administrative units and charter schools for up to seven years. ~~Funds appropriated for the Program~~ Grant funds shall be allocated to selected local school administrative units and charter schools as competitive ~~grants of (i) up to seven hundred thousand dollars ($700,000) for the 2017-2018 fiscal year and (ii)~~ grants, to the extent funds are available, of up to one million dollars ($1,000,000) for the 2018-2019 fiscal year and subsequent fiscal years. Grant funds shall be used only for employing additional licensed personnel in career and technical education areas, career development coordination areas, and support service areas necessary for expanding the CTE program to sixth and seventh grade students. ~~The funds may be used for CTE programs at one or more schools in the local school administrative unit.~~ For a local school administrative unit, the funds may be used for CTE programs at one or more schools in the unit. Grant funds allocated to the local school administrative unit or charter school each fiscal year ~~under the Program~~ shall not revert but shall be available for the purpose of the grant program until expended.

(b) Consideration of Factors in Awarding of CTE Grade Expansion Grants. – Local school administrative units and charter schools applying for ~~the Program~~ CTE grade expansion grants shall submit an application that includes at least the following information:

(1) A plan for expansion of the CTE program to sixth and seventh grade students, including the specific programs that will be expanded, the significance of CTE in the local school administrative ~~unit,~~ unit or charter school, and how a grade expansion would enhance the education program and the community.

(2) A request for the amount of funds, a description of how the funds will be used, and any other sources of funds available to accomplish the purposes of this program.

(3) A proposed budget for seven years that provides detail on the use of the amount of funds to add personnel, increase career development efforts, and provide support services.

(4) A strategy to achieve meaningful analysis of program outcomes due to the receipt of grant funds under this section.

(c) Selection of CTE Grade Expansion Grant Recipients. – For the 2017-2018 fiscal year, the Commission shall accept applications for a grant until November 30, 2017. For subsequent fiscal years that funds are made available for the ~~Program,~~ CTE grade expansion grants, the Commission shall accept applications for a grant until August 1 of each year. The Commission shall consult with the North Carolina Career and Technical Education Foundation, Inc., to select recipients in a manner that considers diversity among the pool of applicants, including geographic location, location of industries in the area in which a local school administrative unit or charter school is located, and the size of the student population served by the unit, or charter school, in order to award funds to the extent possible to grant recipients that represent different regions and characteristics of the State. The Commission shall recommend recipients of the grants to the State Board of Education. The State Board, upon consultation with the Superintendent of Public Instruction, shall approve the recipients of grant awards.

(d) Allocation of Funds. – Of the funds available for the Program in each fiscal year, the Commission shall first allocate funds to applicants who received CTE grade expansion grant funds for the prior fiscal year for up to seven years. After funds are allocated to prior fiscal year grant recipients, any remaining funds may be used by the Commission to select new grant ~~recipients.~~ recipients, as provided in G.S. 115C-64.16(a1). The ~~Commission, in consultation with the Superintendent of Public Instruction,~~ Commission shall establish rules regarding any requirements for grant recipients to continue eligibility to receive funds each fiscal year, including timely and accurate reporting as required under subsection (e) of this section.

(e) Reporting Requirements. – No later than August 1 of each year, for up to seven years after the initial grant award, a grant recipient shall submit to the Department of Public Instruction, Local Planning Systems Regional Services staff within the Division of Career and Technical Education, an annual report for the preceding year in which CTE grade expansion grant funds were expended that provides at least the following information on the program for sixth and seventh grade students:

(1) The use of grant funds, including the CTE programs and courses that have been expanded in the local school administrative unit or charter school to include sixth and seventh grade students.
(2) The number of students enrolled in CTE courses as part of the expansion.
(3) The number of students who subsequently enrolled in CTE courses in high school.
(4) The number of students who subsequently participated in internships, cooperative education, or apprenticeship programs.
(5) The number of students who subsequently earned (i) college credit and (ii) approved industry certification and credentials.
(6) Any other information the Division of Career and Technical Education deems necessary.

The Superintendent of Public Instruction shall provide a report to the Commission by October 15 of each year based on the information reported to the Local Planning Systems Regional Services staff under this subsection, including how the grant recipients compare to CTE programs statewide and whether the programs are aligned with the Master Plan for Career and Technical Education adopted by the State Board."

TEACHER ASSISTANT TUITION REIMBURSEMENT PROGRAM

SECTION 7.44.(a) Article 17D of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-269.31. Teacher Assistant Tuition Reimbursement Grant Program.**

(a) Purpose. – The Department of Public Instruction shall establish the Teacher Assistant Tuition Reimbursement Grant Program (Program). The purpose of the Program is to provide tuition assistance to part-time or full-time teacher assistants working in local school administrative units to pursue a college degree that will result in teacher licensure.

(b) Applications; Grant Priority. – Local school administrative units may apply to participate in the Program pursuant to a process to be established by the Department of Public Instruction. The application shall identify current and ongoing needs for licensed teachers and the expected number of eligible teacher assistants that would participate in the Program. In evaluating applications, the Department shall prioritize local school administrative units according to the following order:

(1) Local school administrative units that received funds under the Teacher Assistant Tuition Reimbursement Pilot Program established in Section 8.29 of S.L. 2016-94, as amended by Section 7.20 of S.L. 2017-57, Section 6(m) of S.L. 2017-189, and Section 7.21 of S.L. 2018-5.

(2) Local school administrative units located, in whole or in part, in a county with at least one local school administrative unit that received low-wealth supplemental funding in the previous fiscal year.

(3) All other local school administrative units.

(c) Award of Funds. – To the extent funds are made available for the Program, a local school administrative unit receiving funds under the Program shall provide a teacher assistant participating in the program an award of up to four thousand six hundred dollars ($4,600) per academic year per teacher assistant, up to four academic years to defray the costs of tuition and fees at an educator preparation program at an institution of higher education while employed in the local school administrative unit as a teacher assistant.

(d) Additional Criteria. – The following additional criteria shall apply under the Program:

(1) Tuition assistance awards granted under the Program may be provided for part-time or full-time coursework.

(2) A local board of education may grant a teacher assistant academic leave to pursue coursework that may only be taken during working hours.

(3) A teacher assistant shall fulfill the student teaching requirements of an educator preparation program by working as a teacher assistant at his or her employing local school administrative unit.

(4) A teacher assistant shall continue to receive salary and benefits while student teaching in the local school administrative unit as provided for teacher assistants in G.S. 115C-269.30(c).

(e) Selection of Teacher Assistants. – The Department shall establish criteria for initial and continuing eligibility to participate in the Program. The Department shall adopt standards to ensure that only qualified, potential recipients receive an award of funds for tuition and fees under the Program. The standards shall include satisfactory academic progress toward achieving teacher licensure. Local school administrative units receiving grants pursuant to the Program shall select teacher assistants to receive funds under the Program and prioritize teacher assistants who received an award in the prior academic year and who are making satisfactory academic progress towards achieving teacher licensure. The Department of Public Instruction shall set criteria for the application and selection of teacher assistants to receive tuition assistance awards that includes at least the following:

(1) The teacher assistant shall be employed by the local board of education in the local school administrative unit.

(2) The teacher assistant shall be enrolled or provide a statement of intent to enroll in an accredited institution of higher education in North Carolina with an educator preparation program approved by the State Board of Education to pursue teacher licensure.

(3) The teacher assistant qualifies as a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and centralized residency determination process administered by the Authority.

(f) Endorsement of Tuition Assistance Awards for Recipients. – Each local board of education participating in the Program shall enter into a memorandum of understanding with the institution of higher education in which an award recipient under the Program is enrolled that includes procedures for at least the following:

(1) Remittance of the award from the local board of education to the institution of higher education.

(2) Endorsement of the funds awarded to the recipient to the institution of higher education for deposit into the account of the institution.

(3) Return of a pro rata share of funds to the local board of education in the event a recipient (i) withdraws from the institution of higher education prior to the end of a term or (ii) the recipient's employment with the local board of education is terminated. The return of funds shall be consistent with procedures used by the institution under federal Title IV programs.

(g) Local Report. – No later than September 1 of each year funds are awarded pursuant to the Program, local boards of education participating in the Program shall report at least the following information to the Department of Public Instruction:

(1) The number and amount of funds in tuition assistance awards provided to teacher assistants.

(2) The number of teacher assistant recipients who achieved teacher licensure, including the period of time from the issue of an initial tuition assistance award to the time of achieving licensure.

(3) The number of recipients who remained employed in the local school administrative unit after achieving teacher licensure.

(h) State Report. – No later than December 1 of each year funds are awarded pursuant to the Program, the Department of Public Instruction shall aggregate the information provided pursuant to subsection (d) of this section and report that information to the Joint Legislative Education Oversight Committee."

SECTION 7.44.(b) Section 8.29 of S.L. 2016-94, as amended by Section 7.20 of S.L. 2017-57, Section 6(m) of S.L. 2017-189, and Section 7.21 of S.L. 2018-5, is repealed.

SECTION 7.44.(c) This section applies beginning with the 2023-2024 school year.

TEACHER APPRENTICE GRANT PROGRAM

SECTION 7.44A.(a) Definitions. – The following definitions shall apply in this section:

(1) Eligible high school graduate. – A graduate of a high school in a local school administrative unit who was enrolled in a Career and College Promise Transfer Pathway Program leading to an associate degree in teacher preparation and earned one or more credits toward that degree.

(2) Eligible teacher apprentice. – An eligible high school graduate who meets the following criteria:

a. Is employed as a teacher apprentice in an elementary school in the same local school administrative unit where he or she graduated high school.

b. Is enrolled part-time or full-time in a recognized educator preparation program pursuing coursework toward a college degree that will result in teacher licensure.

c. Qualifies as a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and

centralized residency determination process administered by the Authority.

(3) Program. – Teacher Apprentice Grant Program.

(4) Teacher apprentice. – A teacher assistant who works with a teacher of record to develop an expertise in teaching by observing best education practices and gaining classroom experience with the goal of becoming a licensed teacher.

SECTION 7.44A.(b) Program Established. – The Department of Public Instruction shall establish the Teacher Apprentice Grant Program for the 2023-2025 fiscal biennium. The purpose of the Program is to provide grants to local school administrative units to award funds for (i) the cost of tuition at an educator preparation program for eligible teacher apprentices and (ii) salary supplements for teacher apprentices who become teachers in the unit.

SECTION 7.44A.(c) Applications; Grant Priority. – Local school administrative units may submit applications to participate in the Program pursuant to a process to be established by the Department of Public Instruction. The application shall identify current and ongoing needs for licensed teachers and the expected number of eligible teacher apprentices that would participate in the Program. In evaluating applications, the Department shall prioritize local school administrative units who received funds under the Teacher Assistant Tuition Reimbursement Pilot Program established in Section 8.29 of S.L. 2016-94, as amended by Section 7.20 of S.L. 2017-57, Section 6(m) of S.L. 2017-189, and Section 7.21 of S.L. 2018-5.

SECTION 7.44A.(d) Award of Funds. – To the extent funds are made available for the Program, funds shall be awarded as follows:

(1) Funds for tuition. – Eligible teacher apprentices shall receive awards of up to four thousand six hundred dollars ($4,600) per academic semester, per eligible teacher apprentice, up to four academic years to defray the costs of tuition and fees for part-time or full-time coursework taken while employed in the local school administrative unit as an eligible teacher apprentice.

(2) Funds for salary supplements. – Notwithstanding any other provision of law, any eligible teacher apprentice who becomes a licensed teacher and accepts employment in the same local school administrative unit shall receive a salary supplement each month during his or her first four years of employment as a teacher, without a break in service, equivalent to the difference between the State-funded salary of the graduate and the State-funded salary of a similarly situated teacher with four years of experience on the "A" Teachers Salary Schedule, as long as the teacher remains teaching in the same local school administrative unit.

SECTION 7.44A.(e) Additional Criteria. – The following additional criteria shall apply to funds awarded under the Program:

(1) A local board of education may grant an eligible teacher apprentice academic leave to pursue coursework that may only be taken during working hours.

(2) An eligible teacher apprentice shall fulfill the student teaching requirements of an educator preparation program by working as a teacher apprentice at his or her employing local school administrative unit.

(3) An eligible teacher apprentice shall continue to receive salary and benefits while student teaching in the local school administrative unit as provided for teacher assistants in G.S. 115C-269.30(c).

(4) Local boards of education receiving grants under the Program shall make efforts to the promote the Program to high school students enrolled in a Career and College Promise Transfer Pathway Program.

SECTION 7.44A.(f) Selection of Teacher Apprentices. – The Department shall establish criteria for initial and continuing eligibility to participate in the Program. The Department shall adopt standards to ensure that only qualified, potential recipients receive an

award of funds for tuition and fees under the Program. The standards shall include satisfactory academic progress toward achieving teacher licensure. Local school administrative units receiving grants pursuant to the Program shall prioritize for the award of funds for eligible teacher apprentices who received an award in the prior academic year.

SECTION 7.44A.(g) Endorsement of tuition assistance awards for recipients. – Each local board of education participating in the Program shall enter into a memorandum of understanding with the institution of higher education in which an award recipient under the Program is enrolled that includes procedures for at least the following:

(1) Remittance of the award from the local board of education to the institution of higher education.

(2) Endorsement of the funds awarded to the recipient to the institution of higher education for deposit into the account of the institution.

(3) Return of a pro rata share of funds to the local board of education in the event a recipient (i) withdraws from the institution of higher education prior to the end of a term or (ii) the recipient's employment with the local board of education is terminated. The return of funds shall be consistent with procedures used by the institution under federal Title IV programs.

SECTION 7.44A.(h) Report to the General Assembly. – The Department shall report no later than May 15, 2023, and annually thereafter while funds are awarded under the Program, to the Joint Legislative Education Oversight Committee regarding the Program, including at least the following information:

(1) Funds awarded under the Program, including the following:

a. Demographic information regarding eligible teacher apprentices.

b. Number of award recipients by local school administrative unit and educator preparation program.

(2) Placement rates, including the number of award recipients who have been employed as licensed teachers in the same local school administrative unit in which they worked as a teacher apprentice and the time frame from the issuance of the initial award of funds to the time of achieving licensure.

(3) Recommendations to improve the Program and increase the number of teachers in North Carolina.

SECTION 7.44A.(i) Notwithstanding any other provision of law or the Committee Report described in Section 43.2 of this act to the contrary, the funds appropriated in this act for the 2023-2025 fiscal biennium to the Department of Public Instruction shall be increased by five million dollars ($5,000,000) in nonrecurring funds for each year of the 2023-2025 fiscal biennium in requirements and receipts to establish the Teacher Apprentice Grant Program in accordance with this section.

ECONOMICALLY DISADVANTAGED PUBLIC SCHOOL SUPPORT FUNDS

SECTION 7.45. Part 2 of Article 8B of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-105.34. Economically disadvantaged public school support funds.**

(a) For purposes of this section, the following definitions shall apply:

(1) Curriculum. – Materials or programs related to courses offered by an economically disadvantaged public school.

(2) Economically disadvantaged public school. – A school in a local school administrative unit or a charter school with a student population that is composed of at least eighty percent (80%) of students identified by the Department of Public Instruction as economically disadvantaged students.

(3) Eligible employee. – Any full-time or part-time employee of a qualifying economically disadvantaged public school.

(4) Qualifying economically disadvantaged public school. – An economically disadvantaged public school that exceeded expected growth in the prior school year, as determined by the State Board of Education pursuant to G.S. 115C-83.15(c).

(b) The Department of Public Instruction shall establish the Economically Disadvantaged Public Schools Support Program (Program) to provide funds to support the efforts of qualifying economically disadvantaged public schools to continue to exceed growth in subsequent school years. To the extent funds are provided to the Department for this purpose, the Department shall allocate these funds annually to each governing body of an economically disadvantaged public school based on the relative proportion of students in each qualifying economically disadvantaged public school governed by that body. The governing body shall allocate those funds to each qualifying economically disadvantaged public school based on the relative proportion of students in each school. The funds shall be used for curriculum, activities necessary to support students and instructional support personnel, and bonuses and retention programs for eligible employees, in the discretion of the governing body of the charter school or the school in the local school administrative unit, as appropriate.

(c) It is the intent of the General Assembly that funds provided pursuant to this section will supplement and not supplant local funds."

TEACHER ASSISTANT COMPLETION GRANTS PROGRAM

SECTION 7.46.(a) Definition. – For purposes of this section, the term "qualifying teacher assistant" shall refer to a person employed as a teacher assistant in a public school unit who has successfully completed an educator preparation program after the effective date of this act.

SECTION 7.46.(b) Program; Purpose. – Of the funds appropriated in this act from the ARPA Temporary Savings Fund to the Department of Public Instruction for the 2023-2025 fiscal biennium, the Department of Public Instruction shall establish the Teacher Assistant Completion Grant Program (Program) for the 2023-2025 fiscal biennium. The purpose of the Program is to provide grants to public school units to be allocated to qualifying teacher assistants in each year of the 2023-2025 fiscal biennium.

SECTION 7.46.(c) Applications and Awards. – Public school units with qualifying teacher assistants may apply to the Department of Public Instruction to receive funds for grants for qualifying teacher assistants employed in the unit. The Department shall prorate the award of funds to public school units based on the number of qualifying teacher assistants in the unit. Public school units shall award grants in each fiscal year in equal amounts to each qualifying teacher assistant employed in the unit. A qualifying teacher assistant who receives a grant pursuant to the Program in the 2023-2024 fiscal year shall not be eligible for an additional grant in the 2024-2025 fiscal year.

SECTION 7.46.(d) Report. – No later than December 15 of each year that funds are awarded under the Program, the Department shall report to the Joint Legislative Education Oversight Committee on the impact of the Program, including at least the following:

(1) The identity of public school units receiving grants and the amounts allocated to each unit under the Program.

(2) Grant amounts awarded to qualifying teacher assistants in the State and in each public school unit.

(3) The impact of the Program on the performance and retention of qualifying teacher assistants.

SECTION 7.46.(e) Notwithstanding any other provision of law or the Committee Report described in Section 43.2 of this act to the contrary, the funds appropriated by this act for the 2023-2025 fiscal biennium to the Department of Public Instruction for Teacher Assistant

Completion Grants shall be decreased by five million dollars ($5,000,000) in nonrecurring funds in requirements and receipts in each year of the 2023-2025 fiscal biennium.

REVISE SCHOOL TRANSPORTATION FUNDS REQUIREMENTS

SECTION 7.47. G.S. 115C-240(e) reads as rewritten:

"(e) The State Board of Education shall allocate to the respective local boards of education funds appropriated from time to time by the General Assembly for the purpose of providing transportation to the pupils enrolled in the public schools within this State. Such funds shall be allocated by the State Board of Education ~~in accordance with~~ based on the efficiency of the local school administrative units in transporting pupils. The efficiency of the units shall be calculated using the number of pupils to be transported, the length of bus routes, road conditions and all other circumstances affecting the cost of the transportation of pupils by school bus to the end that the funds so appropriated may be allocated on a fair and equitable basis, according to the needs of the respective local school administrative ~~units and so as to provide the most efficient use of such funds.~~ units. Such allocation shall be made by the State Board of Education at the beginning of each fiscal ~~year, except that the~~ year, based on the most recently available data from a prior school year. The State Board may reserve for future allocation ~~from time to time within such fiscal year as the need therefor shall be found to exist,~~ a reasonable amount not to exceed ~~ten percent (10%)~~ five percent (5%) of the total funds available for transportation in such fiscal year from such appropriation. Prior to May 1 of the fiscal year in which the funds are reserved, the reserved funds shall be allocated only in the event of an emergency need of a local school administrative unit. In the event reserved funds remain by May 1 of that fiscal year, the State Board shall allocate the remaining funds to all local school administrative units based on the efficiency of the units in transporting pupils. If there is evidence of inequitable or inefficient use of funds, the State Board of Education shall be empowered to review school bus routes established by local boards pursuant to G.S. 115C-246 as well as other factors affecting the cost of the transportation of pupils by school bus."

TWELFTH GRADE TRANSITION PROGRAM/SCHOLARPATH

SECTION 7.48. Of funds appropriated in this act from the ARPA Temporary Savings Fund to the Department of Public Instruction, the Department shall use up to two million five hundred thousand dollars ($2,500,000) in nonrecurring funds for each year of the 2023-2025 fiscal biennium to contract with MyScholar, LLC, to use the ScholarPath platform to create the Twelfth Grade Transition Program for all high school students. The Program shall consist of an education planning and communication platform that helps students and parents prepare for transition to twelfth grade, regardless of public school unit participation. The platform shall utilize O*NET data and additional student surveys to connect and match students to pathways that meet the interests of the students, current workforce initiatives, and opportunities in high-demand careers. The platform shall give students the ability to be connected to colleges, the workforce, and the military, while protecting student data through de-individualized and encrypted methods. The platform shall be accessible by single sign-on through any North Carolina school-provided email. The data collected shall be able to be housed in the State and shall be used to help identify the workforce needs in the State. MyScholar, LLC, shall provide requested information to the Economic Development Partnership of North Carolina, Department of Labor, and the Department of Public Instruction.

STUDY FOR STUDENTS WITH EXTRAORDINARY COSTS/REPORT

SECTION 7.49. As used in this section, "Approved School" means a private school with approved nonpublic education programs providing special education for students with intensive needs. The Department of Public Instruction shall study the following and report any legislative recommendations based on the outcomes of the study to the House Appropriations

Committee on Education, the Senate Appropriations Committee on Education/Higher Education, and the Joint Legislative Education Oversight Committee by October 15, 2023:

(1) A method of improving options for children with disabilities with intensive needs which require private placement in an Approved School consistent with the student's individualized education program (IEP).

(2) A method of determining that placement in an Approved School is the means that most appropriately suits the child's individual needs.

(3) Extraordinary costs incurred by the public school unit by student placement in Approved Schools.

(4) Methods of creating a network of Approved Schools into which a child with disabilities with intensive needs may be placed consistent with the student's IEP.

(5) A method of prioritizing dispersal of funds to public school units to assist with the cost associated with enrolling in an Approved School in early grades to incentivize public school units to enroll students in the Approved Schools at the earliest appropriate age.

(6) Recommendations on the proportion of a student's extraordinary cost to be paid from local, State, and federal sources, respectively, and to identify existing funds at each level that may be available for the purposes studied pursuant to this section.

(7) A method to monitor overidentification of children with disabilities with intensive needs.

(8) Methods to allow for Medicaid reimbursement for additional services, such as transportation, and expanding the eligible age range to receive reimbursement for services.

(9) An estimated range of costs associated with implementing the studied methods.

(10) The advisability of one or more pilot programs with one or more Approved Schools.

MONTESSORI TEACHING LICENSE

SECTION 7.50.(a) G.S. 115C-270.20(a) is amended by adding a new subdivision to read:

"(7) Montessori License. – A license that only allows the holder of the license to teach in a school that uses Montessori instruction as its primary method of instruction. To receive this license, an individual shall meet the following criteria:

a. Hold a valid credential from any of the following groups:

1. The American Montessori Society.

2. The Association Montessori Internationale.

3. A program accredited by the Montessori Accreditation Council for Teacher Education.

b. Hold a bachelor's degree in any field.

c. Complete any examination requirements adopted by the State Board.

An individual holding a license pursuant to this subdivision may not teach students in a public school that is not a Montessori school unless the individual holds another license issued by the State for public school teachers."

SECTION 7.50.(b) This section is effective when it becomes law and applies to applicants for Montessori licenses on or after that date.

PART VII-A. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES

TEACHER SALARY SCHEDULE

SECTION 7A.1.(a) The following monthly teacher salary schedule shall apply for the 2023-2024 fiscal year to licensed personnel of the public schools who are classified as teachers. The salary schedule is based on years of teaching experience.

2023-2024 Teacher Monthly Salary Schedule

Years of Experience	"A" Teachers
0	$3,857
1	$3,962
2	$4,066
3	$4,170
4	$4,274
5	$4,379
6	$4,483
7	$4,587
8	$4,691
9	$4,796
10	$4,900
11	$5,004
12	$5,108
13	$5,213
14	$5,317
15-24	$5,421
25+	$5,630

SECTION 7A.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 7A.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 7A.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 7A.1.(e) A teacher compensated in accordance with this salary schedule for the 2023-2024 school year shall receive an amount equal to the greater of the following:

(1) The applicable amount on the 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 7A.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 7A.2.(a) G.S. 115C-302.10 is repealed.

SECTION 7A.2.(b) Notwithstanding any other provision of law, for the 2023-2024 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 7A.3.(a) Establish Consolidated Bonus Program. – The State Board of Education shall establish a consolidated teacher bonus program for the 2023-2025 fiscal biennium 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 2024 and 2025, based on data from the 2022-2023 and 2023-2024 school years, respectively, in accordance with this section.

SECTION 7A.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 7A.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 "C" or higher on the Cambridge AICE program examinations.

SECTION 7A.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 7A.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 7A.3.(f) Statewide Growth Bonuses. – Of the funds appropriated in this act 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 7A.3.(g) Local Growth Bonuses. – Of the funds appropriated in this act 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 7A.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 7A.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 7A.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 of each year of the 2023-2025 fiscal biennium. 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 2024 or 2025 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 predecessors to bonuses awarded pursuant to subdivision (1) of subsection (f) and subdivision (1) of subsection (g) of this section.

d. Bonuses awarded pursuant to subdivision (2) of subsection (c) and subdivision (2) of subsection (d) of Section 7A.2 of S.L. 2022-74 are predecessors to bonuses awarded pursuant to subdivision (2) of subsection (f) and subdivision (2) of subsection (g) of this section.

e. Bonuses awarded pursuant to subdivision (c)(3) and subdivision (d)(3) of Section 7A.2 of S.L. 2022-74 are predecessors to bonuses awarded pursuant to subdivision (3) of subsection (f) and subdivision (3) of subsection (g) of this section.

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

SUPPLEMENTAL FUNDS FOR TEACHER COMPENSATION

SECTION 7A.4.(a) Use of Funds. – For each year of the 2023-2025 fiscal biennium, except as provided in subsection (f) of this section, the State Board of Education shall allocate funds pursuant to this section to eligible local school administrative units to provide salary supplements to teachers and qualifying school administrators in those units. Allocation of salary supplements among teachers and qualifying school administrators within each eligible local school administrative unit, including whether a teacher or qualifying school administrator receives a salary supplement and the amount of the supplement provided to that person, shall be determined in the discretion of the local board of education of the eligible unit, except that no individual salary supplement shall exceed the per-teacher funding amount awarded to that unit pursuant to subdivision (4) of subsection (c) of this section.

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

(1) Adjusted market value of taxable real property. – A county's assessed taxable real property value, using the latest available data published by the Department of Revenue, divided by the county's sales assessment ratio determined under G.S. 105-289(h).

(2) County allocation factor. – For each eligible county, the supplement factor for that county divided by the sum of all supplement factors for the State.

(3) Eligible county. – A county that has an adjusted market value of taxable real property of less than forty-three billion seven hundred million dollars ($43,700,000,000).

(4) Eligible local school administrative unit. – A local school administrative unit located in whole or in part in an eligible county.
(5) Eligible school. – A public school that is located in an eligible county and governed by a local school administrative unit.
(6) Qualifying school administrator. – Any of the following:
a. Assistant principals paid pursuant to G.S. 115C-285(a)(8).
b. Principals paid pursuant to G.S. 115C-285(a)(8a).
(7) Supplement factor. – For each eligible county, the taxable real property factor multiplied by the number of State-funded teachers employed in a school in the county that is governed by a local school administrative unit.
(8) 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.
(9) Teacher. – Teachers and instructional support personnel.

SECTION 7A.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:

(1) 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.
(2) 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.
(3) 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.
(4) 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 7A.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 7A.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 7A.4.(f) Nonsupplant Requirement. – A local school administrative unit that receives funds under this section shall use the funds to supplement and not supplant non-State funds provided for salary supplements for teachers and qualifying school administrators. The State Board of Education shall not allocate any funds under this section to a local school administrative unit if the State Board finds that the unit has reduced the average salary supplement the unit provided to teachers or qualifying school administrators from non-State funds in the prior school year, or the year for which the most recent data are available, as a result of funding provided pursuant to this section or Section 7A.12 of S.L. 2021-180, as follows:

(1) For the 2023-2024 fiscal year, if all of the following criteria apply:

a. The amount of non-State funds expended for salary supplements from the total State and non-State funds expended for salaries for the 2021-2022 fiscal year was less than ninety-five percent (95%) of the amount of non-State funds expended for salary supplements from total State and non-State funds in the prior fiscal year.

b. The local school administrative unit cannot show (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the unit to supplant non-State funds with funds allocated under Section 7A.12 of S.L. 2021-180.

(2) For the 2024-2025 fiscal year, if the amount of non-State funds expended for salary supplements from the total State and non-State funds expended for salaries for the 2022-2023 fiscal year was less than ninety-five percent (95%) of the amount of non-State funds expended for salary supplements from total State and non-State funds in the prior fiscal year.

SECTION 7A.4.(g) Hold Harmless. – For each year of the 2023-2025 fiscal biennium, a local school administrative unit that is eligible to receive funds under this section shall receive an amount equal to the greater of the following:

(1) The applicable amount under this section for the applicable fiscal year.

(2) The amount the local school administrative unit received in the 2022-2023 fiscal year pursuant to Section 7A.12 of S.L. 2021-180, as amended by Section 7A.9 of S.L. 2022-74.

SECTION 7A.4.(h) Reports. – No later than April 15 of each year of the 2023-2025 fiscal biennium, the State Board of Education shall report the following information for the applicable fiscal year to the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, 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.

SMALL COUNTY AND LOW-WEALTH SIGNING BONUS FOR TEACHERS

SECTION 7A.5.(a) Article 20 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-302.8. Small county and low-wealth signing bonus.**

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

(1) Eligible employee. – A person who meets all of the following criteria:

a. Accepts employment as a teacher with an eligible employer.

b. Was not employed by the eligible employer identified in sub-subdivision a. of this subdivision in the prior fiscal year.

c. Is employed by the eligible employer identified in sub-subdivision a. of this subdivision as of October 1 of the school year for which the teacher accepts employment.

(2) Eligible employer. – The governing board of a local school administrative unit that receives at least one of the following in the year in which the teacher accepts employment pursuant to sub-subdivision c. of subdivision (1) of this subsection:

a. Small county school system supplemental funding.

b. Supplemental funding for local school administrative units in low-wealth counties.

(3) Local funds. – Matching funds provided by an eligible employer to enable an eligible employee to qualify for the signing bonus program established by this section.

(4) Teacher. – Teachers and instructional support personnel.

(b) Signing Bonus Program. – To the extent funds are provided for this purpose, the Department of Public Instruction shall establish and administer a signing bonus program for teachers. Signing bonuses shall be provided each school year to all eligible employees who are employed by an eligible employer as long as they are matched on the basis of one dollar ($1.00) in State funds for every one dollar ($1.00) in local funds, up to one thousand dollars ($1,000) in State funds.

(c) Limited Exclusion from Future Signing Bonuses. – A teacher who receives a signing bonus pursuant to this section is ineligible to receive another signing bonus pursuant to this section or a similar enactment of the General Assembly for at least two full school years. This section shall not apply to any legislatively mandated bonuses received by teachers that are not signing bonuses.

(d) Bonuses as Additions. – The bonuses awarded pursuant to this section shall be in addition to any regular wage or other bonus a teacher receives or is scheduled to receive.

(e) Not for Retirement. – 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 7A.5.(b) This section applies beginning with eligible employees who accept employment as a teacher with an eligible employer for the 2023-2024 school year.

PRINCIPAL SALARY SCHEDULE

SECTION 7A.6.(a) The following annual salary schedule for principals shall apply for the 2023-2024 fiscal year, beginning July 1, 2023:

2023-2024 Principal Annual Salary Schedule

Avg. Daily Membership	Base	Met Growth	Exceeded Growth
0-200	$75,707	$83,278	$90,849
201-400	$79,493	$87,442	$95,391
401-700	$83,278	$91,606	$99,934
701-1,000	$87,063	$95,769	$104,476
1,001-1,600	$90,849	$99,934	$109,018
1,601+	$94,634	$104,098	$113,561

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 one or more prior 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 as follows:
   a. Between July 1, 2023, and December 31, 2023, if the school growth score shows the school exceeded expected growth.
   b. Between January 1, 2024, and June 30, 2024, if the higher school growth score in one of the two prior school years shows that the school exceeded expected growth.

(2) A principal shall be paid according to the Met Growth column of the schedule as follows:
   a. Between July 1, 2023, and December 31, 2023, if the school growth score shows the school met expected growth or the principal supervised a school in the prior school year that was not eligible to receive a school growth score.
   b. Between January 1, 2024, and June 30, 2024, if any of the following apply:
      1. The higher school growth score in one of the two prior school years shows that the school met expected growth.
      2. The principal supervised a school in the two prior school years that was not eligible to receive a school growth score.

(3) A principal shall be paid according to the Base column, as follows:
   a. Between July 1, 2023, and December 31, 2023, if the school growth score shows the school did not meet expected growth or the principal has not supervised any school as a principal for a majority of the prior school year.
   b. Between January 1, 2024, and June 30, 2024, if any of the following apply:
      1. The school growth scores from the two prior school years show that the school did not meet expected growth in both years.
      2. The principal has not supervised any school as a principal for a majority of the two prior school years.

SECTION 7A.6.(b) For purposes of determining the average daily membership of a principal's school, the following shall apply:

(1) The following amounts shall be used during the following time periods:
   a. Between July 1, 2023, and December 31, 2023, the average daily membership for the school from the 2022-2023 school year. If the school did not have an average daily membership in the 2022-2023 school year, the projected average daily membership for the school for the 2023-2024 school year.
   b. Between January 1, 2023, and June 30, 2023, the average daily membership for the school for the 2023-2024 school year.

(2) The average daily membership of a principal's school shall include the average daily membership of any prekindergarten students in membership at the school.

SECTION 7A.6.(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) Between July 1, 2023, and December 31, 2023, the school growth score from the 2021-2022 school year.

(2) Between January 1, 2023, and June 30, 2023, the school growth scores from the 2021-2022 and 2022-2023 school years.

SECTION 7A.6.(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 7A.6.(e) A principal compensated in accordance with this section for the 2023-2024 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 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.

BONUSES FOR PRINCIPALS

SECTION 7A.7.(a) The Department of Public Instruction shall administer a bonus in the 2023-2024 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:

2023-2024 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 7A.7.(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 7A.7.(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 7A.7.(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 7A.7.(e) The bonus provided pursuant to this section shall be paid no later than October 31, 2023, to qualifying principals employed as of October 1, 2023.

ASSISTANT PRINCIPAL SALARIES

SECTION 7A.8.(a) For the 2023-2024 fiscal year, beginning July 1, 2023, 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 7A.8.(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 7A.8.(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 7A.8.(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 7A.8.(e) An assistant principal compensated in accordance with this section for the 2023-2024 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 7A.9.(a) For the 2023-2024 fiscal year, beginning July 1, 2023, 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 four and one-fourth percent (4.25%).

SECTION 7A.9.(b) The monthly salary maximums that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2023-2024 fiscal year, beginning July 1, 2023:

	2023-2024 Fiscal Year Maximum
School Administrator I	$7,369
School Administrator II	$7,808
School Administrator III	$8,274
School Administrator IV	$8,597
School Administrator V	$8,940

School Administrator VI	$9,471
School Administrator VII	$9,848

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 7A.9.(c) The monthly salary maximums that follow apply to superintendents for the 2023-2024 fiscal year, beginning July 1, 2023:

	2023-2024 Fiscal Year Maximum
Superintendent I	$10,440
Superintendent II	$11,062
Superintendent III	$11,726
Superintendent IV	$12,431
Superintendent V	$13,178

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 7A.9.(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 7A.9.(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 7A.9.(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 7A.10.(a) For the 2023-2024 fiscal year, beginning July 1, 2023, 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 four and one-fourth percent (4.25%).

(2) For the following employees, by an equitable amount based on the amount specified in subdivision (1) of this subsection:

a. Permanent, full-time employees on a contract for fewer than 12 months.

b. Permanent, part-time employees.

c. Temporary and permanent hourly employees.

SECTION 7A.10.(b) Of the funds appropriated in this act to the Department of Public Instruction for the 2023-2024 fiscal year, the sum of four million seven hundred sixteen thousand nine hundred thirty-two dollars ($4,716,932) in recurring funds shall be allocated to

local boards of education to increase the average rates of pay for school bus drivers. These funds shall be allocated on an equitable basis among all school bus drivers in the local school administrative unit. Compensation increases received by school bus drivers pursuant to this subsection shall be in addition to the increases provided for noncertified personnel pursuant to subsection (a) of this section.

DPI STUDY NONCERTIFIED CLASSIFICATIONS

SECTION 7A.11. No later than January 15, 2025, the Department of Public Instruction shall study and report to the Joint Legislative Education Oversight Committee on recommendations to differentiate salary for all noncertified personnel based on years of experience. The report shall include a recommended number of years of experience for each noncertified personnel position to receive a higher position classification, salary grade, or both.

PAID PARENTAL LEAVE FOR LOCAL SCHOOL ADMINISTRATIVE UNITS

SECTION 7A.12.(a) Article 23 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-336.2. Paid parental leave for eligible public school employees.**

(a) Definitions. – The following definitions apply in this section:

(1) Child. – A newborn biological child or a newly placed adopted, foster, or otherwise legally placed child under the age of 18 whose parent is a public school employee eligible for leave under subsection (c) of this section.

(2) Parent. – A parent by childbirth, adoption, foster care, or another legal placement.

(3) Public safety concern. – A significant impairment of a local school administrative unit's ability to conduct its operations in a manner that protects the health and safety of the school community.

(4) Public school employee. – Any employee of a local school administrative unit.

(5) Qualifying event. – When a public school employee becomes a parent to a child.

(b) Paid Parental Leave. – The State Board of Education shall adopt rules permitting an eligible public school employee to be granted one of the following types of fully paid parental leave, in accordance with this section:

(1) Eight weeks or 320 hours of leave when the public school employee gives birth to a child.

(2) Four weeks or 160 hours of leave for any other qualifying event.

(c) Eligibility. – To be eligible for the leave provided in subsection (b) of this section, a public school employee shall meet all of the following requirements:

(1) Have been continuously employed by the local school administrative unit for at least 12 months immediately preceding the first request for paid parental leave.

(2) Meet one of the following requirements:

a. Be employed full time in a permanent, probationary, or time-limited position.

b. Be employed on a part-time basis and work at least halftime. A public school employee that is an eligible employee pursuant to this sub-subdivision shall receive parental leave that is prorated based on the amounts provided in subsection (b) of this section.

(d) Requirements. – The paid parental leave authorized by this section shall be adopted and implemented by local school administrative units in accordance with the following requirements:

(1) Parental leave shall be:

a. Granted upon verification of a qualifying event, if the eligible public school employee provides at least 10 weeks' advance notice of the employee's intention to use parental leave, unless there is good cause for not giving timely advance notice.
b. Used by the eligible public school employee within 12 months of the qualifying event.
c. In addition to, and not in lieu of, shared leave under G.S. 115C-12.2 and other leave authorized by federal or State law.
d. Available without exhaustion of the employee's sick and vacation leave.

(2) Parental leave may be granted subject to public safety concerns, which shall be addressed by the local school administrative unit in the discretion of the unit in a manner that is appropriate and equitable.

(3) Parental leave may not be used for retirement purposes.

(4) Parental leave shall have no cash value upon termination from State employment.

(e) Statutory Construction. – This section is consistent with and does not abridge federal or State law. Nothing in this section shall be construed to provide a private right of action."

SECTION 7A.12.(b) G.S. 115C-12 is amended by adding a new subdivision to read:

"(49) Duty to Adopt Paid Parental Leave Rules. – The State Board of Education, in consultation with the State Human Resources Commission, shall adopt rules providing for paid parental leave in accordance with G.S. 115C-336.2."

SECTION 7A.12.(c) G.S. 115C-336.1 reads as rewritten:

"**§ 115C-336.1. ~~Parental~~ Additional parental leave.**

~~A~~ In addition to paid parental leave provided pursuant to G.S. 115C-336.2, a school employee may use annual leave or leave without pay to care for a newborn child or for a child placed with the employee for adoption or foster care. A school employee may also use up to 30 days of sick leave to care for a child placed with the employee for adoption. The leave may be for consecutive workdays during the first 12 months after the date of birth or placement of the child, unless the school employee and the local board of education agree otherwise."

SECTION 7A.12.(d) G.S. 115C-302.1(j) reads as rewritten:

"(j) Additional Parental Leave. – ~~A~~ In addition to paid parental leave provided pursuant to G.S. 115C-336.2, a teacher may use annual leave, personal leave, or leave without pay to care for a newborn child or for a child placed with the teacher for adoption or foster care. A teacher may also use up to 30 days of sick leave to care for a child placed with the teacher for adoption. The leave may be for consecutive workdays during the first 12 months after the date of birth or placement of the child, unless the teacher and local board of education agree otherwise."

SECTION 7A.12.(e) This section is effective when this act becomes law and applies beginning with the 2023-2024 school year.

PART VIII. THE UNIVERSITY OF NORTH CAROLINA SYSTEM

UNC/ESCHEAT FUND FOR STUDENT FINANCIAL AID PROGRAMS

SECTION 8.1.(a) The funds appropriated by this act from the Escheat Fund for the 2023-2025 fiscal biennium for student financial aid shall be allocated in accordance with G.S. 116B-7. Notwithstanding any other provision of Chapter 116B of the General Statutes, if the interest income generated from the Escheat Fund is less than the amounts referenced in this act, the difference may be taken from the Escheat Fund principal to reach the appropriations referenced in this act; however, under no circumstances shall the Escheat Fund principal be reduced below the sum required in G.S. 116B-6(f). If any funds appropriated from the Escheat Fund by this act for student financial aid remain uncommitted aid as of the end of a fiscal year,

the funds shall be returned to the Escheat Fund, but only to the extent the funds exceed the amount of the Escheat Fund income for that fiscal year.

SECTION 8.1.(b) The State Education Assistance Authority (Authority) shall conduct periodic evaluations of expenditures of the student financial aid programs administered by the Authority to determine if allocations are utilized to ensure access to institutions of higher education and to meet the goals of the respective programs. The Authority may make recommendations for redistribution of funds to the President of The University of North Carolina and the President of the Community College System regarding their respective student financial aid programs, who then may authorize redistribution of unutilized funds for a particular fiscal year.

UNC BUILDING RESERVE STUDY

SECTION 8.2.(a) For purposes of this section, the following definitions shall apply:

(1) Building. – A building that is operated or maintained by The University of North Carolina or a constituent institution of The University of North Carolina.

(2) Building reserve model. – The formula used by The University of North Carolina System Office to determine the operating and maintenance costs for buildings once construction of those buildings is complete.

SECTION 8.2.(b) No later than April 1, 2024, the Board of Governors of The University of North Carolina shall study and report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the building reserve model. At a minimum, the report shall include the following information:

(1) For all buildings, disaggregated by constituent institution and fund source, the following:

a. Expenditures related to operation and maintenance costs for the 2022-2023 fiscal year, including expenditures disaggregated on the basis of at least the following building reserve model outputs and expenses:

1. Personnel and fringe benefits.
2. Utilities and insurance.
3. Custodial and supplies.
4. Facilities and maintenance.
5. Information technology.

b. The number of full-time equivalent positions for building operation and maintenance used in the 2022-2023 fiscal year, including at least positions that align with the following building reserve model outputs and expenses:

1. Building environmental service technician and supervisor.
2. Building environmental service supervisor.
3. Facilities maintenance technician mechanical.
4. Public safety officer.
5. Environmental health and safety professional.
6. Information technology networking analyst.
7. Information technology networking technician.
8. Facilities maintenance technician trades.

c. Recurring expenditures generated by the current building reserve model, taking into account all gross square feet and building types, for at least the outputs and expenses identified in sub-subdivision a. of this subdivision.

d. The number of full-time positions generated by the current building reserve model, taking into account all gross square feet and building types, for at least the outputs and expenses identified in sub-subdivision b. of this subdivision.

(2) An analysis of the findings in subdivision (1) of this subsection, including at least the following information:

a. Any instances where the current building reserve model aligns or misaligns with full-time equivalent positions and actual expenditures of the constituent institutions.

b. Any substantial differences among constituent institutions in actual operating and maintenance expenditures compared to projected expenditures under the building reserve model.

c. Recommendations to improve the process of providing operation and maintenance funds for buildings.

COMPLETION ASSISTANCE PROGRAMS

SECTION 8.3.(a) For purposes of this section, the term "eligible constituent institutions" refers to the following constituent institutions of The University of North Carolina:

(1) Elizabeth City State University.
(2) Fayetteville State University.
(3) North Carolina Agricultural and Technical State University.
(4) North Carolina Central University.
(5) The University of North Carolina at Asheville.
(6) The University of North Carolina at Pembroke.
(7) Winston-Salem State University.

SECTION 8.3.(b) For the 2023-2025 fiscal biennium, the Board of Governors of The University of North Carolina shall establish a Completion Assistance Program (Program) at each eligible constituent institution. At a minimum, each Program shall meet the following criteria:

(1) A student enrolled in a Program established by this section may receive up to five thousand dollars ($5,000) per academic year under that Program to pay for the costs of continuing attendance and earning necessary credit hours at the eligible constituent institution.

(2) A student shall be eligible to receive funds under a Program if the student meets at least the following requirements:

a. Needs financial assistance to remain enrolled at the eligible constituent institution and earn credits necessary to graduate on time.

b. Is a resident for tuition purposes, as provided in G.S. 116-143.1.

c. Meets satisfactory academic progress, as determined by the Board.

d. Has completed or is on track to complete at least 60 academic credit hours by the end of the semester in which the funds are provided.

e. Has completed the Free Application for Federal Student Aid (FAFSA) for the academic year in which the funds are provided.

f. Has an unpaid balance with the eligible constituent institution. This may include an unpaid balance for tuition, fees, room, board, or other expenses of attendance.

SECTION 8.3.(c) The Board of Governors of The University of North Carolina shall report on each Completion Assistance Program established pursuant to this section to the Joint Legislative Education Oversight Committee no later than March 15, 2025. The report shall include, at a minimum, an analysis of the impact of each Program on the following:

(1) On-time graduation rates.

(2) Student debt at graduation.

SECTION 8.3.(d) Of the funds appropriated in this act from the ARPA Temporary Savings Fund to the Board of Governors of The University of North Carolina for each year of the 2023-2025 fiscal biennium for Completion Assistance Programs, the Board shall allocate funds to each eligible constituent institution of The University of North Carolina proportional to the number of undergraduate students enrolled at each eligible constituent institution who are residents of North Carolina and recipients of a federal Pell Grant.

NC AHEC TO ESTABLISH TEAM-BASED CARE CLINICAL TEACHING HUBS AND STUDY IMPEDIMENTS TO THE AVAILABILITY OF COMMUNITY-BASED PRECEPTORS

SECTION 8.4.(a) Of the recurring funds appropriated in this act to the Board of Governors of The University of North Carolina to be allocated to the University of North Carolina at Chapel Hill for the North Carolina Area Health Education Centers Program (NC AHEC) to create team-based teaching sites, NC AHEC shall contract with up to five rural community-based medical teaching practices for at least one hundred fifty thousand dollars ($150,000) per teaching practice per year to establish and maintain up to five outpatient, clinical, team-based healthcare teaching sites across the rural areas of the State. At least one site shall be located in each of the three regions of the State. For purposes of this subsection, the regions of the State are the Western region, the Piedmont region, and the Eastern region. The teaching sites shall serve as team-based locations for medical students to learn alongside nurse practitioners or physician assistants in rural clinical primary care rotations. Community-based medical teaching practices receiving funds pursuant to this subsection shall contract with clinical preceptors to provide instruction, including significant time devoted to clinical instruction, to medical students and student nurse practitioners or student physician assistants. In establishing and maintaining these teaching sites, NC AHEC shall provide technical assistance to the teaching sites and consult, as appropriate, with schools within institutions of higher education that provide instruction for medical students, nurse practitioner students, and physician assistant students. No later than March 15 of each year funds are provided under this subsection, NC AHEC shall study the impact of the teaching sites and report at least the following information to the Joint Legislative Education Oversight Committee and the Joint Legislative Oversight Committee on Health and Human Services:

(1) The identity of the community-based medical teaching practices receiving funds.

(2) An analysis of the financial impact of providing these services on a community-based medical teaching practice.

(3) The impact of the teaching sites on (i) the learning and success of students and (ii) the health and well-being of the respective service areas for each site.

SECTION 8.4.(b) Of the funds appropriated in this act to the Board of Governors of The University of North Carolina to be allocated to the University of North Carolina at Chapel Hill for the North Carolina Area Health Education Centers Program (NC AHEC), NC AHEC may use up to two hundred fifty thousand dollars ($250,000) in each year of the 2023-2025 fiscal biennium to study (i) the availability of community preceptors in North Carolina and nearby states and (ii) the demand for those preceptors, including factors that influence the supply and barriers that community-based outpatient clinicians face in teaching healthcare professional students. NC AHEC shall provide an interim report with its findings to the Joint Legislative Education Oversight Committee and the Joint Legislative Oversight Committee on Health and Human Services no later than April 1, 2024, and a final report no later than September 1, 2024. NC AHEC shall consult with other healthcare professional organizations and boards, including, but not limited to, the North Carolina Nurses Association, the North Carolina Academy of Family Physicians, the North Carolina Academy of Physician Assistants, the North Carolina Healthcare

Association, the North Carolina Independent Colleges and Universities, the North Carolina Medical Society, the North Carolina Pediatric Society, The University of North Carolina, the North Carolina Board of Nursing, and the North Carolina Medical Board. As part of its study, NC AHEC shall do at least the following:

(1) Survey other states to identify the best innovative and effective approaches to address preceptor shortages for medical students, nurse practitioner students, physician assistant students, and prelicensure nursing students.

(2) Research and report on the current approaches to identifying, engaging, financing, and evaluating clinical training sites and how schools use tuition funding to cover their students' costs related to clinical placements and training. As part of this component of the study, NC AHEC shall consult with the Board of Governors of The University of North Carolina, the State Board of Community Colleges, and the North Carolina Independent Colleges and Universities.

(3) Assess the capacity of North Carolina and nearby states for clinical training sites, in consultation with the North Carolina Healthcare Association (NCHA), the North Carolina Community Health Center Association, and clinically integrated networks, including the following information:

a. The number and percentage of independent and health system practices that are currently clinical training sites in this State.

b. The number and percentage of independent and health system practices that could become clinical training sites in this State.

c. The impacts on the efficiency of clinical practices when or if they become clinical training sites.

d. The financial impact on an independent or health system practice if it precepts students in clinical rotations.

ESTABLISH THE SCHOOL OF CIVIC LIFE AND LEADERSHIP AT THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL

SECTION 8.5.(a) The Board of Trustees of the University of North Carolina at Chapel Hill, in consultation with the Board of Governors of The University of North Carolina, the Chancellor of the University of North Carolina at Chapel Hill, and faculty and administration officials at the University of North Carolina at Chapel Hill, shall establish the School of Civic Life and Leadership at the University of North Carolina at Chapel Hill (the "School"). The School shall provide course opportunities for students and house the Program on Public Discourse. Courses may focus on the development of democratic competencies informed by American history and the American political tradition, with the purpose of fostering public discourse and civil engagement necessary to promote democracy and benefit society. The School may also develop programming addressing these topics and provide resources to students, faculty, and the general public, as needed.

SECTION 8.5.(b) If the nonrecurring funds appropriated in this act to the Board of Governors of The University of North Carolina for the 2023-2025 fiscal biennium to be allocated to the University of North Carolina at Chapel Hill for the School of Civic Life and Leadership are insufficient to establish the School pursuant to subsection (a) of this section, the University of North Carolina at Chapel Hill shall expend sufficient additional funds to achieve that purpose.

SECTION 8.5.(c) No later than March 15, 2024, the Board of Trustees of the University of North Carolina at Chapel Hill shall report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on progress made toward establishing the School of Civic Life and Leadership and factors affecting the long-term sustainability of the School.

REDUCE NUMBER OF REQUIRED UNC LABORATORY SCHOOLS FROM NINE TO EIGHT

SECTION 8.6.(a) G.S. 116-239.5(a) reads as rewritten:

"(a) The Board of Governors, upon recommendation by the President, shall designate constituent institutions to submit proposals to establish at least ~~nine~~ eight laboratory schools in total to serve public school students in accordance with the provisions of this Article. The Board of Governors shall select constituent institutions with high-quality educator preparation programs as demonstrated by the annual performance measures reported by the constituent institutions in accordance with G.S. 115C-296.35. The Board of Governors' Subcommittee on Laboratory Schools established under G.S. 116-239.7 shall review the proposals and approve at least ~~nine~~ eight of the proposals to establish laboratory schools. The Subcommittee may select a constituent institution to operate more than one laboratory school. The Subcommittee shall oversee the operations of those laboratory schools to meet the purposes set forth in this Article."

SECTION 8.6.(b) G.S. 116-239.7(a1) reads as rewritten:

"(a1) Approval of Laboratory Schools. – The Board of Governors, upon the recommendation of the President, shall designate constituent institutions to establish and operate a total of at least ~~nine~~ eight laboratory schools. The chancellor of each constituent institution shall adopt and submit to the Subcommittee a proposal to operate one or more laboratory schools in one or more local school administrative units that meet the minimum threshold for the number of low-performing schools located in a unit under G.S. 116-239.6(4). The proposal shall include the governance structure of the laboratory school. The Subcommittee shall evaluate the proposals for approval or disapproval by considering the design components and the strategic focus of the laboratory school and any other standards developed by the Subcommittee to be applicable to all laboratory schools. The Subcommittee shall also consider the location of each laboratory school so that, to the extent possible, there is a geographically diverse distribution of the laboratory schools throughout the State. From the proposals submitted to the Subcommittee, the Subcommittee shall approve the establishment of at least ~~nine~~ eight laboratory schools."

FUNDS FOR ATHLETIC DEPARTMENTS WITH APPROVED PLANS TO PROVIDE ECONOMIC BENEFITS

SECTION 8.7.(a) For each fiscal year funds are provided pursuant to subsection (b) of this section, the athletic department for each of the following constituent institutions shall develop and submit to the President of The University of North Carolina a plan to provide an economic benefit to the constituent institution and the service region of the constituent institution in that fiscal year:

(1) Elizabeth City State University.
(2) Fayetteville State University.
(3) North Carolina Agricultural and Technical State University.
(4) North Carolina Central University.
(5) The University of North Carolina at Asheville.
(6) The University of North Carolina at Greensboro.
(7) The University of North Carolina at Pembroke.
(8) The University of North Carolina at Wilmington.
(9) Western Carolina University.
(10) Winston-Salem State University.

SECTION 8.7.(b) Of the recurring funds appropriated in this act to the Board of Governors of The University of North Carolina for athletic department operating support, if the President of The University of North Carolina approves a plan submitted under subsection (a) of this section, the Board of Governors shall allocate one million dollars ($1,000,000) in the fiscal year in which the plan is approved to that constituent institution to support its athletic department.

EDUCATIONAL OPPORTUNITIES PILOT PROGRAM

SECTION 8.8.(a) Program; Purpose. – The Board of Governors of The University of North Carolina shall establish a College of Educational Opportunities Pilot Program (Program) for eligible students with intellectual and developmental disabilities. North Carolina State University shall develop the Program in the 2023-2024 fiscal year and operate it for each year of the 2023-2025 fiscal biennium. North Carolina Central University shall adapt and operate the Program as developed by North Carolina State University for use in the 2024-2025 fiscal year. The purpose of the Program is to provide postsecondary opportunities for eligible students, including the following:

(1) A person-centered planning process.

(2) The opportunity to pursue educational credentials, including degrees, certificates, and other nondegree credentials.

(3) Inclusive academic enrichment, socialization, independent living skills, and integrated work experiences to develop career skills that can lead to gainful employment.

(4) Individual supports and services for academic and social inclusion in academic courses, extracurricular activities, and other aspects of campus life.

SECTION 8.8.(b) Definition. – For purposes of this section, the term "eligible student" refers to a person who meets all of the following:

(1) Is 22 years of age or older.

(2) Is an adult with intellectual and developmental disabilities.

SECTION 8.8.(c) Funds. – Funds appropriated to the Board of Governors of The University of North Carolina in this act for the 2023-2025 fiscal biennium from the ARPA Temporary Savings Fund for the Program shall meet the following criteria:

(1) The funds may be used for any of the following purposes:

a. Administrative staff, including a director of the Program, and programmatic staff, including instructors and peer mentors.

b. Training for university faculty.

c. Improvements to existing assistive technologies and other academic support services offered by the university.

d. Scholarships for tuition and fees for economically disadvantaged students.

e. Additional supports, including counseling, mentoring, and transportation.

f. Outreach, including website design and recruitment.

(2) The funds shall be allocated in the below fiscal years as follows:

a. For the 2023-2024 fiscal year, three million dollars ($3,000,000) in nonrecurring funds shall be allocated to North Carolina State University to develop and operate the Program.

b. For the 2024-2025 fiscal year, the following amounts in nonrecurring funds shall be allocated as follows:

1. Three million dollars ($3,000,000) to North Carolina State University to operate the Program.

2. Three million dollars ($3,000,000) to North Carolina Central University to adapt and operate the Program.

SECTION 8.8.(d) Report. – No later than May 15, 2024, the Board of Governors shall report to the Joint Legislative Education Oversight Committee on the impact of the program, including the impact of the Program on the performance of eligible students.

SECTION 8.8.(e) Increase Funds in the 2024-2025 Fiscal Year. – Notwithstanding any other provision of law or the Committee Report described in Section 43.2 of this act to the contrary, the following shall occur:

(1) The nonrecurring funds allocated to the University of North Carolina – Institutional Programs from the ARPA Temporary Savings Fund shall be increased by three million dollars ($3,000,000) for the 2024-2025 fiscal year.

(2) The nonrecurring funds appropriated in this act for the 2024-2025 fiscal year to the Board of Governors of The University of North Carolina for education and workforce training opportunities for individuals with disabilities shall be increased by three million dollars ($3,000,000) in requirements and receipts.

CTE GRANTS FOR AGRICULTURE

SECTION 8.9.(a) Of the funds appropriated in this act from the ARPA Temporary Savings Fund to the Board of Governors of The University of North Carolina for each year of the 2023-2025 fiscal biennium to be allocated to North Carolina State University, the Agriculture Extension shall use up to two million dollars ($2,000,000) in nonrecurring funds for the North Carolina Future Farmers of America (FFA) to provide and administer grants for the 2023-2024 and 2024-2025 academic years to fund items necessary for the agriculture education program operated as a part of the Career and Technical Education (CTE) program at a given middle or high school within a public school unit. For purposes of these grants, items necessary to the agriculture education program of a CTE program include greenhouses, animals and livestock, and power tools. FFA shall provide a full list of items that are eligible to be purchased with funds received pursuant to this program and make the list publicly available on its website. FFA may consult with the Department of Agriculture and Consumer Services when evaluating a grant for selection that includes the purchase of animals. A public school unit or a regional partnership of more than one public school unit may apply to receive funds. When awarding grants under this subsection, FFA shall prioritize public school units (i) located, in whole or in part, in a county with at least one local school administrative unit that received low-wealth supplemental funding in the previous fiscal year and (ii) that have a high population of at-risk students or students with disabilities. Grant recipients may make items purchased with grant funds available to any students within the public school unit or partnership regardless of whether the student is identified as at-risk or a student with a disability.

SECTION 8.9.(b) FFA shall create and make available an application for grants under this section no later than the beginning of each academic year during the 2023-2025 fiscal biennium. Applicants shall submit their application to receive grant funds to FFA no later than January 15 of each year of the 2023-2025 biennium. FFA shall approve or deny each application within 30 days of receipt.

SECTION 8.9.(c) All recipients of grants under this section for each school year shall submit a report to FFA no later than October 15 of each year of the 2023-2025 fiscal biennium on the outcomes of any programs funded by grants received under this section, including data collection methods for reporting on student outcomes, impacts of the program, and use of State funds. FFA shall then submit a report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the overall outcomes of the grant program no later than December 15 of each year of the 2023-2025 fiscal biennium.

SECTION 8.9.(d) Of the funds allocated by this section for grants as provided by subsection (a) of this section, up to fifty thousand dollars ($50,000) in each fiscal year of the 2023-2025 biennium may be retained by FFA to be used for administrative costs associated with the grant program.

BOARD OF GOVERNORS STUDY NEW TEACHER SUPPORT PROGRAM/ELIZABETH CITY STATE

SECTION 8.10. No later than September 15, 2023, the Board of Governors shall report to the Joint Legislative Education Oversight Committee on the advisability and feasibility

of incorporating additional constituent institutions, including Elizabeth City State University, as administrators of the New Teacher Support Program.

PART VIII-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY

WASHINGTON CENTER INTERNSHIP SCHOLARSHIP PROGRAM

SECTION 8A.1.(a) Article 23 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"**§ 116-209.32. Washington Center internship scholarship program.**

(a) Scholarship Program Established. – To the extent funds are made available for this purpose, the State Education Assistance Authority (Authority) shall award scholarship grants to students who are residents of North Carolina and are enrolled in their second year or higher in a constituent institution of The University of North Carolina to attend a semester or summer term internship program or a shortened one- to four-week public policy and career readiness seminar program at The Washington Center for Internships and Academic Seminars (Washington Center) located in Washington, D.C. The Authority shall administer the scholarship program pursuant to guidelines and procedures established by the Authority consistent with its practices for administering State-funded financial aid. The guidelines and procedures shall include an application process and schedule, notification and disbursement procedures, standards for reporting, and standards for return of funds when a student withdraws from the program. A student who meets the eligibility criteria of the Washington Center to attend a semester or summer term internship program or a shortened one- to four-week public policy and career readiness seminar program may apply to the Authority for a grant to cover costs related to the program. The Authority shall award grants to students in its discretion based on student demand. Grants awarded pursuant to the program shall be for the following amounts:

(1) For semester term internships, up to ten thousand dollars ($10,000).

(2) For summer term internships, up to eight thousand dollars ($8,000).

(3) For shortened seminar programs, up to four thousand dollars ($4,000).

(b) Limitations on Grant Amount. – If a student who is eligible for a grant pursuant to this section also receives a scholarship or other grant covering the cost of attendance for the program, then the amount of the State grant shall be reduced by an appropriate amount determined by the Authority. The Authority shall reduce the amount of the grant so that the sum of all grants and scholarship aid covering the cost of attendance shall not exceed the cost of attendance for the program, including program fees, housing, and incidental costs. The cost of attendance shall be established by the Authority in accordance with information provided to the Authority by the Washington Center.

(c) Internship Activities. – A student participating in the Washington Center's program shall (i) intern four days a week with a nonprofit corporation, private company, federal agency, or a member of the United States Congress, (ii) take an academic class taught by the Washington Center's faculty, (iii) participate in career readiness training programs, and (iv) be responsible for a final portfolio project outlining work completed during the program. Students from all academic majors can participate and benefit from the program.

(d) Academic Credit. – The Board of Governors of The University of North Carolina shall develop and promulgate guidance to constituent institutions on a process for awarding up to three academic credit hours for participation in an internship in accordance with the scholarship program.

(e) Funds for the Program. – Any funds that are unencumbered for the program at the end of each fiscal year shall not revert to the General Fund but shall remain available for the purposes of this section. The Authority may use up to one percent (1%) of the funds appropriated each fiscal year for the program for administrative costs.

(f) Reporting. – By March 1 of each year in which grants are received under the program, the Authority, in consultation with the Washington Center, shall report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the implementation of the scholarship program, including the number of participating students and the amount of awards for each semester or summer term or shortened seminar program by constituent institution."

SECTION 8A.1.(b) Section 8A.8(d) of S.L. 2021-180 reads as rewritten:

"**SECTION 8A.8.(d)** Funds for the Program. – Any funds that are unencumbered for the program at the end of each fiscal year shall not revert to the General Fund but shall remain available for the purposes of this ~~section.~~ section until the end of the 2023-2024 fiscal year. The Authority may use up to one percent (1%) of the funds appropriated each fiscal year for the program for administrative costs."

SECTION 8A.1.(c) Effective June 30, 2024, Section 8A.8 of S.L. 2021-180, as amended by Section 8A.7 of S.L. 2022-74 and subsection (b) of this section, is repealed.

SECTION 8A.1.(d) Subsection (a) of this section applies beginning with the award of scholarship grants for the 2024 spring academic semester.

STATE EDUCATION ASSISTANCE AUTHORITY DISBURSE STATE'S SCHOLARSHIPS FOR CHILDREN OF WARTIME VETERANS

SECTION 8A.2.(a) G.S. 116-204 reads as rewritten:

"**§ 116-204. Powers of Authority.**

The Authority is hereby authorized and empowered:

…

(11a) To be responsible for the disbursement and accounting of funds for the State's Scholarships for Children of Wartime Veterans established by Part 2 of Article 14 of Chapter 143B of the General Statutes.

…."

SECTION 8A.2.(b) G.S. 116B-7 reads as rewritten:

"**§ 116B-7. Distribution of fund.**

…

(b) An amount specified in the Current Operations Appropriations Act shall be transferred annually from the Escheat Fund to the ~~Department of Military and Veterans Affairs~~ Board of Governors of The University of North Carolina to be allocated to the State Education Assistance Authority to partially fund the program of Scholarships for Children of War Veterans established by Part 2 of Article 14 of Chapter 143B of the General Statutes. Those funds may be used only for residents of this State who (i) are worthy and needy as determined by the Department of Military and Veterans Affairs and (ii) are enrolled in public institutions of higher education of this State."

SECTION 8A.2.(c) G.S. 143B-1211 reads as rewritten:

"**§ 143B-1211. Powers and duties of the Department of Military and Veterans Affairs.**

It shall be the duty of the Department of Military and Veterans Affairs to do all of the following:

…

(11) Manage and maintain the State's Scholarships for Children of Wartime Veterans in accordance with Part 2 of Article 14 of Chapter 143B of the General Statutes and in support of the Veterans' Affairs ~~Commission.~~Commission; provided, however, the disbursement of scholarships to the children of wartime veterans shall be performed by the State Education Assistance Authority established pursuant to Article 23 of Chapter 116 of the General Statutes.

…."

SECTION 8A.2.(d) G.S. 143B-1220 reads as rewritten:

"**§ 143B-1220. Veterans' Affairs Commission – creation, powers and duties.**

There is hereby created the Veterans' Affairs Commission of the Department of Military and Veterans Affairs. The Veterans' Affairs Commission shall have the following functions and duties, as delegated by the Secretary of Military and Veterans Affairs:

…

(3) To promulgate rules and regulations concerning the awarding of scholarships for children of North Carolina veterans as provided by this Article. The Commission shall make rules and regulations consistent with the provisions of this Article. All rules and regulations not inconsistent with the provisions of this Chapter heretofore adopted by the State Board of Veterans' Affairs shall remain in full force and effect unless and until repealed or superseded by action of the Veterans' Affairs Commission. All rules and regulations adopted by the Commission shall be enforced by the Department of Military and Veterans ~~Affairs;~~ Affairs and, in the disbursement of scholarships, the Authority, as directed by the Department on behalf of the Commission; and

…."

SECTION 8A.2.(e) G.S. 143B-1224 reads as rewritten:

"**§ 143B-1224. Definitions.**

As used in this Part the terms defined in this section shall have the following meaning:

…

(2a) "Authority" means the State Education Assistance Authority established pursuant to Article 23 of Chapter 116 of the General Statutes.

…."

SECTION 8A.2.(f) G.S. 143B-1225 reads as rewritten:

"**§ 143B-1225. Scholarship.**

…

(b) The Veterans' Affairs Commission shall select recipients for scholarships and notify the Authority of the recipients for the disbursement of scholarships in accordance with the provisions of G.S. 143B-1227. When notifying the Authority of the recipients, the Veterans' Affairs Commission shall indicate the recipients that qualify for scholarships funded with monies from the Escheat Fund. If a child is awarded a scholarship under this Part, the Commission shall notify the recipient by May 1st of the year in which the recipient enrolls in college."

SECTION 8A.2.(g) G.S. 143B-1227 reads as rewritten:

"**§ 143B-1227. Administration and funding.**

(a) The administration of the scholarship program shall be vested in the Department of Military and Veterans Affairs, and the disbursing and accounting activities required shall be ~~a~~ the responsibility of the ~~Department of Military and Veterans Affairs.~~ Authority. The Veterans' Affairs Commission shall determine the eligibility of applicants, select the scholarship recipients, establish the effective date of scholarships, and may notify the Authority of the need to suspend or revoke scholarships if the Veterans' Affairs Commission finds that the recipient does not comply with the registration requirements of the Selective Service System or does not maintain an adequate academic status, or if the recipient engages in riots, unlawful demonstrations, the seizure of educational buildings, or otherwise engages in disorderly conduct, breaches of the peace or unlawful assemblies. The Department of Military and Veterans Affairs shall maintain the primary and necessary records, and the Veterans' Affairs Commission shall promulgate such rules and regulations not inconsistent with the other provisions of this Part as it deems necessary for the orderly administration of the program. It may require of State or private educational institutions, as defined in this Part, such reports and other information as it may need to carry out the provisions of this Part. The ~~Department of Military and Veterans Affairs~~ Authority shall disburse scholarship payments for recipients certified eligible by the Department of Military and Veterans Affairs upon certification of enrollment by the enrolling institution.

(b) Funds for the support of this program shall be appropriated to the ~~Department of Military and Veterans Affairs~~ Board of Governors of The University of North Carolina to be allocated to the Authority as a reserve for payment of the allocable costs for room, board, tuition, and other charges, and shall be placed in a separate budget code from which disbursements shall be made. Funds to support the program shall be supported by receipts from the Escheat Fund, as provided by G.S. 116B-7, but those funds may be used only for worthy and needy residents of this State who are enrolled in public institutions of higher education of this State. ~~In the event the said appropriation for any year is insufficient to pay the full amounts allocable under the provisions of this Part, such supplemental sums as may be necessary shall be allocated from the Contingency and Emergency Fund.~~ The method of disbursing and accounting for funds allocated for payments under the provisions of this section shall be in accordance with those standards and procedures prescribed by the Director of the Budget, pursuant to the State Budget Act.

(c) Allowances for room and board in State educational institutions shall be at such rate as established by the Secretary of the Department of Military and Veterans Affairs.

(d) Scholarship recipients electing to attend a private educational institution shall be granted a monetary allowance for each term or other academic period attended under their respective scholarship awards. All recipients under Class I-B scholarship shall receive an allowance at one rate, irrespective of course or institution; all recipients under Classes I-A, II, III and IV shall receive a uniform allowance at a rate higher than for Class I-B, irrespective of course or institution. The amount of ~~said~~ the allowances shall be determined by the Director of the Budget and made known prior to the beginning of each fall quarter or semester; provided that the Director of the Budget may change the allowances at intermediate periods when in his or her judgment such changes are necessary. Disbursements by the State shall be to the private institution concerned, for credit to the account of each recipient attending ~~said~~ the institution. The manner of payment to any private institution shall be as prescribed by the ~~Department of Military and Veterans Affairs.~~ Authority. The participation by any private institution in the program shall be subject to the applicable provisions of this Part and to examination by State auditors of the accounts of scholarship recipients attending or having attended private institutions. The ~~Veterans' Affairs Commission~~ Authority may defer making an award or may suspend an award in any private institution which does not comply with the provisions of this Part relating to ~~said~~ the institutions.

(e) Irrespective of other provisions of this Part, the ~~Veterans' Affairs Commission~~ Authority may prescribe special procedures for adjusting the accounts of scholarship recipients who for reasons of illness, physical inability to attend class or for other valid reason satisfactory to the ~~Veterans' Affairs Commission~~ Authority may withdraw from State or private educational institutions prior to the completion of the term, semester, quarter or other academic period being attended at the time of withdrawal. Such procedures may include, but shall not be limited to, paying the recipient the dollar value of his or her unused ~~entitlements~~ scholarship for the academic period being attended, with a corresponding deduction of this period from his or her remaining scholarship eligibility time.

(f) From the funds appropriated from the General Fund each fiscal year to support the program, the Authority may use up to one hundred fifty thousand dollars ($150,000) each fiscal year for administrative costs for the disbursement and accounting activities for the program."

SECTION 8A.2.(h) This section applies beginning with scholarships awarded for the 2023-2024 academic year.

EXPAND SCHOLARSHIPS FOR HIGH SCHOOL GRADUATES OF NCSSM AND UNCSA TO ATTEND PRIVATE POSTSECONDARY INSTITUTIONS LOCATED IN NORTH CAROLINA

SECTION 8A.3.(a) Part 6 of Article 23 of Chapter 116 of the General Statutes reads as rewritten:

"Part 6. Tuition Grant for High School Graduates of the North Carolina School of Science and Mathematics and the University of North Carolina School of the Arts.

"**§ 116-209.89. Definitions.**

For purposes of this Part, the following definitions shall apply:

(1) Eligible graduate. – A high school graduate of the North Carolina School of Science and Mathematics (NCSSM) or the University of North Carolina School of the Arts (UNCSA).

(2) Eligible institution of higher education. – A constituent institution of The University of North Carolina or a private postsecondary institution located in North Carolina, as defined in G.S. 116-280(3).

"**§ 116-209.90. Tuition grants for eligible graduates to attend ~~a constituent institution.~~an eligible institution of higher education.**

(a) Within the funds available, ~~a high school graduate from the North Carolina School of Science and Mathematics (NCSSM) or the University of North Carolina School of the Arts (UNCSA)~~ an eligible graduate in each school year who meets the following conditions shall ~~be eligible~~ qualify for a tuition grant awarded under this Part:

(1) Is a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and centralized residency determination process administered by the Authority.

(2) Enrolls as a full-time student in ~~a constituent institution of The University of North Carolina~~ an eligible institution of higher education in the next academic year after graduation.

(b) Students who receive initial tuition grants as a cohort of a high school graduating class of NCSSM or UNCSA shall also ~~be eligible~~ qualify to apply for tuition grants for subsequent academic years for up to a total of four academic years, provided that tuition grants are only used for undergraduate tuition.

(b1) A student must be continuously enrolled in an undergraduate program at ~~a constituent institution of The University of North Carolina~~ an eligible institution of higher education after the award of the initial tuition grant to ~~be eligible~~ qualify for tuition grants in subsequent academic years. The Authority shall have the discretion to waive this requirement if the student is able to demonstrate that any of the following have substantially disrupted or interrupted the student's pursuit of a degree: (i) a military service obligation, (ii) serious medical debilitation, (iii) a short-term or long-term disability, or (iv) other extraordinary hardship.

(c) The amount of the tuition grant to each graduate shall be determined and distributed as provided in G.S. 116-209.91.

"**§ 116-209.91. Administration of tuition grants.**

(a) The Authority shall administer the tuition grants provided for in this Part pursuant to guidelines and procedures established by the Authority consistent with its practices for administering State-funded financial aid. The guidelines and procedures shall include an application process and schedule, notification and disbursement procedures, standards for reporting, and standards for return of tuition grants when a student withdraws. The Authority shall not approve any grant until it receives proper certification from the appropriate ~~constituent institution~~ eligible institution of higher education that the student applying for the grant is ~~an eligible student.~~ continuously enrolled as a full-time student in accordance with this Part. Upon ~~receipt of the certification,~~ determining that the student qualifies for a grant, the Authority shall remit, at the times it prescribes, the tuition grant to the ~~constituent institution~~ eligible institution of higher education on behalf, and to the credit, of the student. In the event a student on whose behalf a tuition grant has been paid is not enrolled in an undergraduate program and carrying a minimum academic load as of the tenth classroom day following the beginning of the school term for which the tuition grant was paid, the ~~constituent institution~~ eligible institution of higher education shall refund the full amount of the tuition grant to the Authority.

(b) Except as otherwise provided in this section, the amount of the grant awarded to a student shall cover the following:

(1) To attend a constituent institution, the tuition cost at the constituent institution in which the student is enrolled.

(2) To attend a private postsecondary institution located in North Carolina, the tuition cost, in whole or in part, at the private postsecondary institution in an amount up to the highest amount of undergraduate resident tuition charged at a constituent institution of The University of North Carolina for that academic year.

(b1) No tuition grant awarded to a student under this section shall exceed the cost of attendance at ~~a constituent institution~~ an eligible institution of higher education for which the student is enrolled.

(c) If a student, who is eligible for a tuition grant under this section, also receives a scholarship or other grant covering the cost of attendance at ~~the constituent institution~~ an eligible institution of higher education for which the tuition grant is awarded, then the amount of the tuition grant shall be reduced by an appropriate amount determined by the Authority so that the total amount of scholarships and grants received by the student does not exceed the cost of attendance for the institution. The cost of attendance shall be determined by the Authority for each ~~constituent institution.~~eligible institution of higher education.

(d) In the event there are not sufficient funds to provide each ~~eligible~~ qualifying student who has applied in accordance with the application process and the schedule established by the Authority with a full tuition grant as provided by this Part, each ~~eligible~~ qualifying student shall receive a pro rata share of funds available for the academic year covered by the appropriation in the preceding fiscal year.

…."

SECTION 8A.3.(b) G.S. 116-209.90(a), as amended by subsection (a) of this section, reads as rewritten:

"(a) Within the funds available, an eligible graduate in each school year who meets the following conditions shall qualify for a tuition grant awarded under this Part:

(1) Is a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and centralized residency determination process administered by the Authority.

(2) Enrolls as a full-time student in an eligible institution of higher education in the next academic year after graduation.

(3) Submits a completed Free Application for Federal Student Aid (FAFSA) form."

SECTION 8A.3.(c) Subsection (a) of this section applies beginning with graduates of the North Carolina School of Science and Mathematics and the University of North Carolina School of the Arts from the 2022-2023 school year, and subsection (b) of this section applies beginning with graduates from the 2023-2024 school year.

REVISE TEACHING FELLOWS PROGRAM

SECTION 8A.4.(a) Part 3 of Article 23 of Chapter 116 of the General Statutes reads as rewritten:

"Part 3. North Carolina Teaching Fellows Program.

"**§ 116-209.60. Definitions.**

The following definitions apply in this Part:

(1) Commission. – The North Carolina Teaching Fellows Commission.

(2) Director. – The Director of the North Carolina Teaching Fellows Program.

(3) Forgivable loan. – A forgivable loan made under the Program.

(4) Program. – The North Carolina Teaching Fellows Program.

(5) Public school. – An elementary or secondary school located in North Carolina that is governed by a local board of education, charter school board of directors, regional school board of directors, or University of North Carolina laboratory school board of trustees.

~~(6) STEM. – Science, technology, engineering, and mathematics.~~

(7) Trust Fund. – The North Carolina Teaching Fellows Program Trust Fund.

…

"**§ 116-209.62. North Carolina Teaching Fellows Program established; administration.**

(a) Program. – There is established the North Carolina Teaching Fellows Program to be administered by the System Office of The University of North Carolina, in conjunction with the Authority and the Commission. The purpose of the Program is to recruit, prepare, and support students residing in or attending institutions of higher education located in North Carolina for preparation as highly effective ~~STEM or special education~~ teachers in the State's public schools. The Program shall be used to provide a forgivable loan to individuals interested in preparing to teach in the public schools of the ~~State in STEM or special education licensure areas.~~State.

(b) Trust Fund. – There is established the North Carolina Teaching Fellows Program Trust Fund to be administered by the Authority, in conjunction with the System Office of The University of North Carolina. All funds (i) appropriated to, or otherwise received by, the Program for forgivable loans and other Program purposes, (ii) received as repayment of forgivable loans, and (iii) earned as interest on these funds shall be placed in the Trust Fund. The purpose of the Trust Fund is to provide financial assistance to qualified students for completion of teacher education and licensure programs to fill ~~STEM or special education licensure areas~~ positions in the public schools of the State.

(c) Uses of Monies in the Trust Fund. – The monies in the Trust Fund may be used only for (i) forgivable loans granted under the Program, (ii) administrative costs associated with the Program, including recruitment and recovery of funds advanced under the Program, (iii) mentoring and coaching support to forgivable loan recipients, and (iv) extracurricular enhancement activities of the Program in accordance with the following:

(1) The Authority shall transfer the greater of six hundred thousand dollars ($600,000) or ten percent (10%) of the available funds from the Trust Fund to the General Administration of The ~~University of North Carolina~~ University of North Carolina System Office at the beginning of each fiscal year for the Program's administrative costs, the salary of the Director of the Program and other Program staff, expenses of the Commission, and to provide the Commission with funds to use for the extracurricular enhancement activities of the Program.

…

(d) Director of the Program. – The Board of Governors of The University of North Carolina shall appoint a Director of the Program. The Director shall appoint staff to the Commission and shall be responsible for recruitment and coordination of the Program, including proactive, aggressive, and strategic recruitment of potential recipients. Recruitment activities shall include (i) targeting regions of the State with the highest teacher attrition rates and teacher recruitment challenges, (ii) actively engaging with educators, business leaders, experts in human resources, elected officials, and other community leaders throughout the State, and (iii) attracting candidates ~~in STEM and special education licensure areas~~ to the Program. The Director shall report to the President of The University of North Carolina. The Authority shall provide office space and clerical support staff, as necessary, to the Director for the Program.

(e) Student Selection Criteria for Forgivable Loans. – The Commission shall adopt stringent standards for awarding forgivable loans based on multiple measures to ensure that only the strongest applicants receive them, including the following:

(1) Grade point averages.

(2) Performance on relevant career and college readiness assessments.
(3) Experience, accomplishments, and other criteria demonstrating qualities positively correlated with highly effective teachers, including excellent verbal and communication skills.
(4) Demonstrated commitment to serve ~~in a STEM or special education licensure area~~ in North Carolina public schools.

(f) Program Selection Criteria. – The Authority shall administer the Program in cooperation with each constituent institution of The University of North Carolina and up to ~~eight~~ four institutions of higher education with approved educator preparation programs selected by the Commission that represent a diverse selection of ~~both postsecondary constituent institutions of The University of North Carolina and~~ private postsecondary institutions operating in the State. The Commission shall adopt stringent standards for selection of the most effective educator preparation programs, including the following:

(1) Demonstrates high rates of educator effectiveness on value-added models and teacher evaluations, including using performance-based, subject-specific assessment and support systems, such as edTPA or other metrics of evaluating candidate effectiveness that have predictive validity.
(2) Demonstrates measurable impact of prior graduates on student ~~learning, including impact of graduates teaching in STEM or special education licensure areas.~~learning.
(3) Demonstrates high rates of graduates passing exams required for teacher licensure.
(4) Provides curricular and co-curricular enhancements in leadership, facilitates learning for diverse learners, and promotes community engagement, classroom management, and reflection and assessment.
(5) Requires at least a minor concentration of study in the subject area that the candidate may teach.
(6) Provides early and frequent internship or practical experiences, including the opportunity for participants to perform practicums in diverse school environments.
(7) Is approved by the State Board of Education as an educator preparation program.

(g) Awards of Forgivable Loans. – The Program shall provide forgivable loans to selected students to be used at each constituent institution of The University of North Carolina and up to ~~eight~~ four selected private institutions for completion of a program leading to initial teacher licensure as follows:

(1) North Carolina high school seniors. – Forgivable loans of up to four thousand one hundred twenty-five dollars ($4,125) per semester for up to eight semesters.
(2) Students applying for transfer to a selected educator preparation program at an institution of higher education. – Forgivable loans of up to four thousand one hundred twenty-five dollars ($4,125) per semester for up to six semesters.
(3) Individuals currently holding a bachelor's degree seeking preparation for teacher licensure. – Forgivable loans of up to four thousand one hundred twenty-five dollars ($4,125) per semester for up to four semesters.
(4) Students matriculating at institutions of higher education who are changing to an approved program of study at a selected educator preparation program. – Forgivable loans of up to four thousand one hundred twenty-five dollars ($4,125) per semester for up to four semesters.

Forgivable loans may be used for tuition, fees, the cost of books, and expenses related to obtaining licensure.

~~(h) Identification of STEM and Special Education Licensure Areas. – The Superintendent of Public Instruction shall identify and provide to the Commission and the Authority a list of STEM and special education licensure areas and shall annually provide to the Commission the number of available positions in each licensure area relative to the number of current and anticipated teachers in that area of licensure. The Commission shall make the list of STEM and special education licensure areas readily available to applicants.~~

…

(j) Annual Report. – The Commission, in coordination with the Authority, the Department of Public Instruction, each constituent institution of The University of North Carolina, and the selected private educator education programs participating in the Program shall report no later than January 1, 2019, and annually thereafter, to the Joint Legislative Education Oversight Committee regarding the following:

(1) Forgivable loans awarded from the Trust Fund, including the following:
   a. Demographic information regarding recipients.
   b. Number of recipients by institution of higher education and program.
   c. Information on number of recipients by ~~anticipated STEM and special education~~ licensure area.

(2) Placement and repayment rates, including the following:
   a. Number of graduates who have been employed ~~in a STEM or special education licensure area~~ as a public school teacher in North Carolina within two years of program completion.
   b. Number of graduates who accepted employment at a low-performing school identified under G.S. 115C-105.37 as part of their years of service.
   c. Number of graduates who have elected to do loan repayment and their years of service, if any, prior to beginning loan repayment.
   d. Number of graduates employed in a ~~STEM or special education licensure area~~ North Carolina public school who have received an overall rating of at least accomplished and have met expected growth on applicable standards of the teacher evaluation instrument.
   e. Aggregate information on student growth and proficiency in courses taught by graduates who have fulfilled service requirements through employment in a ~~STEM or special education licensure area.~~North Carolina public school.

…

"**§ 116-209.63. Terms of forgivable loans; receipt and disbursement of funds.**

(a) Notes. – All forgivable loans shall be evidenced by notes made payable to the Authority that bear interest at a rate not to exceed ten percent (10%) per year as set by the Authority and beginning on the first day of September after the completion of the program leading to teacher licensure or 90 days after graduation, whichever is later. If a forgivable loan is terminated, the note shall be made payable to the Authority 90 days after termination of the forgivable loan. The forgivable loan may be terminated upon the recipient's withdrawal from the Program or by the recipient's failure to meet the standards set by the Commission.

(b) Forgiveness. – The Authority shall forgive the loan and any interest accrued on the loan if, within 10 years after graduation from a program leading to teacher licensure, exclusive of any authorized deferment for extenuating circumstances, the recipient serves as a teacher in a ~~STEM or special education licensure area, as provided in G.S. 116-209.62(h),~~ North Carolina public school for every year the teacher was awarded the forgivable loan, in any combination of the following:

(1) ~~One year~~ Six months at a North Carolina public school identified as low-performing under G.S. 115C-105.37 at the time the teacher accepts

employment at the school or, if the teacher changes employment during this period, at another school identified as low-performing.

(2) ~~Two years~~ One year at a North Carolina public school not identified as low-performing under G.S. 115C-105.37.

The Authority shall also forgive the loan if it finds that it is impossible for the recipient to work for up to ~~eight~~ four years, within 10 years after completion of the program leading to teacher licensure, at a North Carolina public school because of the death or permanent disability of the recipient. If the recipient repays the forgivable loan by cash payments, all indebtedness shall be repaid within 10 years after completion of the program leading to teacher licensure supported by the forgivable loan. If the recipient completes a program leading to teacher licensure, payment of principal and interest shall begin no later than the first day of September after the completion of the program. Should a recipient present extenuating circumstances, the Authority may extend the period to repay the loan in cash to no more than a total of 12 years."

SECTION 8A.4.(b) This section applies to applications for the award of funds beginning in the 2024-2025 academic year.

REVISE SELECTION CRITERIA FOR PRINCIPAL FELLOWS PROGRAM

SECTION 8A.5.(a) G.S. 116-74.46(a) reads as rewritten:

"(a) Selection. – After evaluation of grant applications pursuant to G.S. 116-74.45, the Commission shall notify the Authority of its selection of the recipients of grants for each fiscal year. The Commission shall select up to ~~eight~~ 10 grant recipients to be operating a school leader preparation program with grant funds in any fiscal year. At least two of the 10 grant recipients shall be private postsecondary institutions operating directly or through a consortium."

SECTION 8A.5.(b) This section applies beginning with grants awarded in the 2026-2027 academic year.

EXPAND ELIGIBILITY AND REVISE ADMINISTRATION FOR OPPORTUNITY SCHOLARSHIPS

SECTION 8A.6.(a) G.S. 115C-562.1(3) reads as rewritten:

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

a. Meets one of the following criteria:

1. Was a student (i) assigned to and attending a public school full time pursuant to G.S. 115C-366 or (ii) enrolled full time in a Department of Defense Elementary and Secondary School, established pursuant to 10 U.S.C. § 2164 and located in North Carolina, during the spring semester prior to the school year for which the student is applying.

2. Received a scholarship grant for the school year prior to the school year for which the student is applying.

3. Is eligible to enter ~~kindergarten, first grade, or second grade~~ any grade between kindergarten and grade eight pursuant to Article 25 of this Chapter. A child who is the age of four on or before April 16 is eligible to attend the following school year if the principal, or equivalent, of the school in which the child seeks to enroll finds that the student meets the requirements established by the Authority pursuant to G.S. 115C-562.2(d) and those findings are submitted to the Authority with the child's application.

4. Is a child in foster care as defined in G.S. 131D-10.2(9).

5. Is a child whose adoption decree was entered not more than one year prior to submission of the scholarship grant application.
6. Is a child whose parent or legal guardian (i) is on full-time duty status in the active uniformed service of the United States, including members of the National Guard and Reserve on active duty orders pursuant to 10 U.S.C. § 12301, et seq., and 10 U.S.C. § 12401, et seq., or (ii) receives an honorable discharge as an active duty member from the uniformed service of the United States within 12 months prior to application.
7. Is a child who meets both of the following:
   I. Was enrolled in a nonpublic school that meets the requirements of Part 1 and Part 2 of this Article during the spring semester prior to the school year for which the student is applying.
   II. Was enrolled for the entire school year immediately prior to the school year in which the student enrolled in the nonpublic school in one of the following:
      A. A North Carolina public school.
      B. A Department of Defense Elementary and Secondary School established pursuant to 10 U.S.C. § 2164 and located in North Carolina.

a1. Has not enrolled in a postsecondary institution in a matriculated status eligible for enrollment for 12 hours of academic credit.

a2. Resides with a parent who has been domiciled in the State for a minimum of six months prior to award of the scholarship grant.

b. Meets one of the following criteria:
   1. Resides in a household with an income level not in excess of two hundred percent (200%) of the amount required for the student to qualify for the federal free or reduced-price lunch program. The Authority shall not count any distribution from the estate of a decedent in calculating the income level of the applicant's household for the purposes of determining eligibility for a scholarship under this sub-sub-subdivision.
   2. Is a child in foster care as defined in G.S. 131D-10.2. The Authority shall not consider the household income of the foster parent, as defined in G.S. 131D-10.2, in determining the eligibility of a foster care child."

SECTION 8A.6.(b) G.S. 115C-562.3 reads as rewritten:

"**§ 115C-562.3. Verification of eligibility; information from other State agencies.**

(a) To verify that the student's parent has been a resident of the State for a minimum of six months prior to award of the scholarship grant, the Authority shall establish a domicile determination system and shall establish rules for determination of domicile. Each of the Division of Motor Vehicles of the Department of Transportation, the Department of Public Instruction, the Department of Commerce, the Department of Health and Human Services, the Department of Revenue, the State Board of Elections, and the State Chief Information Officer shall expeditiously cooperate with the Authority in verifying electronically, or by other similarly effective and efficient means, evidence submitted to the Authority for the purposes of establishing the domicile required by G.S. 115C-366 for State residency. The Authority shall accept any of the following as evidence of domicile within the State:

(1) Verified State drivers license and State identification card.

(2) Verified State voter registration.
(3) Verified receipt of public benefits from a State agency.
(4) Verified filing of State income taxes for the year prior to application.
(5) Verified enrollment in a North Carolina public school for the year prior to the year in which the scholarship grant would be awarded.
(6) An electronically submitted copy of one of the following current documents that show the name of the parent and an address within the State:
a. A utility bill.
b. A bank statement.
c. A government check.
d. A paycheck.
e. Any other government document.

(a1) ~~The~~ In addition to the requirements of subsection (a) of this section, the Authority may seek verification of information on any application for scholarship grants from eligible students. The Authority shall select and verify six percent (6%) of applications annually, including those with apparent errors on the face of the application. The Authority shall establish rules for the verification process and may use the federal verification requirements process for free and reduced-price lunch applications as guidance for those rules. If a household fails to cooperate with verification efforts, the Authority shall revoke the award of the scholarship grant to the eligible student.

(b) Household members of applicants for scholarship grants shall authorize the Authority to access information needed for verification efforts conducted under subsection (a1) of this section held by other State agencies, including the Department of Revenue, the Department of Health and Human Services, and the Department of Public Instruction. ~~The Department of Public Instruction shall provide the Authority with public school enrollment information to establish eligibility pursuant to G.S. 115C-562.1(3)a., as needed.~~

(c) By December 1 of each year, the Department of Public Instruction shall provide the Authority the average State per pupil allocation for that fiscal year to determine the maximum scholarship amount for eligible students to be awarded in the following fiscal year in accordance with G.S. 115C-562.2(b)."

SECTION 8A.6.(c) G.S. 115C-562.8 reads as rewritten:

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

…

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

Fiscal Year	**Appropriation**
2017-2018	$44,840,000
2018-2019	$54,840,000
2019-2020	$64,840,000
2020-2021	$74,840,000
2021-2022	$84,840,000
2022-2023	$94,840,000
2023-2024	$176,540,000
2024-2025	$191,540,000
2025-2026	~~$206,540,000~~$262,540,000
2026-2027	~~$221,540,000~~$277,540,000
2027-2028	~~$236,540,000~~$292,540,000
2028-2029	~~$251,540,000~~$307,540,000

2029-2030	~~$266,540,000~~$322,540,000
2030-2031	~~$281,540,000~~$337,540,000
2031-2032	~~$296,540,000~~$352,540,000

For the 2032-2033 fiscal year and each fiscal year thereafter, there is appropriated from the General Fund to the Reserve the sum of ~~three hundred eleven million five hundred forty thousand dollars ($311,540,000)~~ three hundred sixty-seven million five hundred forty thousand dollars ($367,540,000) to be used for the purposes set forth in this section. When developing the base budget, as defined by G.S. 143C-1-1, for each fiscal year specified in this subsection, the Director of the Budget shall include the appropriated amount specified in this subsection for that fiscal year.

…

(d) Any unexpended funds at the end of a fiscal year from the funds appropriated in a particular fiscal year to be used for the award of scholarships in the following fiscal year shall be used as follows:

(1) Up to ~~five hundred thousand dollars ($500,000)~~ one million five hundred thousand dollars ($1,500,000) may be used by the Authority to contract with a nonprofit corporation representing parents and families for outreach and scholarship education and application assistance for parents and students pursuant to Part 4A of this Article. If sufficient funds are available, the Authority may renew any contract made with a particular nonprofit corporation under this subdivision upon the expiration of that contract.

(2) Any remaining funds shall be carried forward for one fiscal year pursuant to subsection (a) of this section."

SECTION 8A.6.(d) Notwithstanding G.S. 115C-562.3(a), as enacted by this act, as part of a student's application for a scholarship grant pursuant to Part 2A of Article 39 of Chapter 115C of the General Statutes for the 2024-2025 school year, a parent shall certify to the State Education Assistance Authority that the parent meets the requirements of G.S. 115C-562.1(3)a.2, as enacted by this act, for eligibility purposes in lieu of submitting evidence electronically to the State Education Assistance Authority through a domicile determination system. The State Education Assistance Authority shall select six percent (6%) of the applications for the 2024-2025 school year to verify a parent meets domicile requirements for the award of a scholarship grant to an eligible student. As evidence of domicile, the State Education Assistance Authority may accept the submission of any of the documents set forth under G.S. 115C-562.3(a). If a parent fails to cooperate with verification efforts under this section, the State Education Assistance Authority shall revoke the award of the scholarship grant to the eligible student. In addition, if the State Education Assistance Authority determines that the certification of the parent contains falsified information, the parent may be subject to administrative, civil, or criminal penalties. The State Education Assistance Authority shall include a notice of the potential for the imposition of penalties when requesting certification as part of the application process.

SECTION 8A.6.(e) Subsection (c) of this section becomes effective July 1, 2023. The remainder of this section becomes effective January 1, 2024, and applies to applications for scholarship grants beginning with the 2024-2025 school year.

LONGLEAF COMMITMENT COMMUNITY COLLEGE GRANT PROGRAM

SECTION 8A.7.(a) Part 1 of Article 23 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"**§ 116-209.32. Longleaf Commitment Community College Grant Program.**

(a) Program Established; Purpose. – There is established the Longleaf Commitment Community College Grant Program (Program) to be administered by the State Education Assistance Authority (Authority). The purpose of the Program is to award grants to eligible

students who are high school graduates for tuition and fees at a community college for up to two years.

(b) Eligible Students. – A student shall be considered an eligible student to receive a grant under the Program if the student meets all of the following requirements:

(1) Graduates from high school or receives a high school equivalency diploma.

(2) Qualifies as a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and centralized residency determination process administered by the Authority.

(3) Completes the Free Application for Federal Student Aid (FAFSA) for the academic year in which funds are awarded and, if applicable, renews the FAFSA in subsequent academic years.

(4) Is a student in need of additional financial aid in light of any financial aid already received, as determined by the Authority.

(5) Is enrolled in a community college and maintains enrollment in at least six credit hours per semester in curriculum courses.

(c) Award Amounts. – To the extent funds are made available for this purpose, the Authority shall award grants under the Program to eligible students in an amount to be determined by the Authority each year for up to two years. Grants may include funds for the cost of tuition and a fee allowance. These amounts shall supplement additional scholarships made available to eligible students, including scholarship amounts provided under the consolidated payment schedule for the North Carolina Need-Based Scholarship for Public Colleges and Universities Program under Part 5 of this Article, with the goal of providing the full cost of tuition to as many eligible students as possible.

(d) Administration. – The Authority may adopt rules for the administration of the Program. The Authority may use up to one percent (1%) of the funds appropriated for the Program for administrative costs.

(e) Report. – By September 1, 2024, and annually thereafter, the Authority shall submit a report, in consultation with the Community Colleges System Office, to the Joint Legislative Education Oversight Committee on the implementation of the Program. The report shall contain, for each academic year, at least the following information:

(1) The amount of grant funds disbursed.

(2) The number of eligible students receiving funds.

(3) The number of students who attended community college without having to pay tuition under the Program or a combination of the Program and other scholarship programs, including the North Carolina Need-Based Scholarship for Public Colleges and Universities Program and federal Pell grants."

SECTION 8A.7.(b) This section applies beginning with high school students graduating in the 2023-2024 school year.

REMOVE REQUIREMENT FOR OPPORTUNITY SCHOLARSHIP PROGRAMS EVALUATIONS

SECTION 8A.8.(a) G.S. 115C-562.5(a)(4) reads as rewritten:

"(4) Administer, at least once in each school year, a nationally standardized test or other nationally standardized equivalent measurement selected by the chief administrative officer of the nonpublic school to all eligible students whose tuition and fees are paid in whole or in part with a scholarship grant enrolled in grades three and higher. For grades three through eight, the nationally standardized test or other equivalent measurement selected must measure achievement in the areas of English grammar, reading, spelling, and mathematics. For grades nine through 12, the nationally standardized test or other equivalent measurement selected must measure either (i) achievement

in the areas of English grammar, reading, spelling, and mathematics or (ii) competencies in the verbal and quantitative areas. ~~Test performance data shall be submitted to the Authority by July 15 of each year. Test performance data reported to the Authority under this subdivision is not a public record under Chapter 132 of the General Statutes.~~"

SECTION 8A.8.(b) G.S. 115C-562.5(c) is repealed.

SECTION 8A.8.(c) G.S. 115C-562.7(c) is repealed.

SECTION 8A.8.(d) This section is effective when it becomes law.

CONFORM SEAA REQUIREMENTS WITH FEDERAL CHANGES TO FAFSA SIMPLIFICATION ACT

SECTION 8A.9.(a) G.S. 116-143.3(c) reads as rewritten:

"(c) Any dependent relative of a member of the Armed Forces who is abiding in this State incident to active military duty, as defined by the Board of Governors of The University of North Carolina and by the State Board of Community Colleges while sharing the abode of that member shall be eligible to be charged the in-State tuition rate, if the dependent relative qualifies for admission to an institution of higher education as defined in G.S. 116-143.1(a)(3). ~~The dependent relatives shall comply with the requirements of the Selective Service System, if applicable, in order to be accorded this benefit.~~ In the event the member of the Armed Forces is reassigned outside of North Carolina or retires, the dependent relative shall continue to be eligible for the in-State tuition rate and applicable mandatory fees so long as the dependent relative is continuously enrolled in the degree or other program in which the dependent relative was enrolled at the time the member is reassigned or retires. In the event the member of the Armed Forces receives an Honorable Discharge from military service, the dependent relative shall continue to be eligible for the in-State tuition rate and applicable mandatory fees so long as the dependent relative establishes residency within North Carolina within 30 days after the discharge and is continuously enrolled in the degree or other program in which the dependent relative was enrolled at the time the member is discharged."

SECTION 8A.9.(b) G.S. 143B-421.1 reads as rewritten:

"**§ 143B-421.1. Selective Service ~~registration.~~registration, State employment.**

(a) ~~A~~ Any person ~~who is required under~~ subject to 50 United States Code Appx. § 453 (Military Selective Service Act) ~~to present himself for and submit to registration and fails~~ shall register as required by that act. Any person who fails to do so in accordance with any proclamation or any rule or regulation issued under this section, shall be ineligible ~~for:~~

~~(1)~~ ~~Employment~~ for employment by or service for the State, or a political subdivision of the State, including all boards and commissions, departments, agencies, institutions, and instrumentalities.

~~(2) State-supported scholarships, programs for financial assistance for postsecondary education, or loans insured by any State agency, including educational assistance authorized under Article 23 of Chapter 116 of the General Statutes.~~

(b) It shall be the duty of all persons or officials having charge of and authority over either the hiring of ~~employees or granting of educational assistance,~~ employees, as described in this section, to adopt rules and regulations which shall require applicants to indicate on a form whether they are in compliance with the registration requirements described in subsection (a). Rules and regulations issued under the authority of this section shall provide that an applicant be given not less than 30 days after notification of a proposed finding of ineligibility for employment ~~or benefits~~ to provide the issuing official with information that he is in compliance with the registration requirements described in subsection (a). The issuing official may afford such person an opportunity for a hearing to establish his compliance or for any other purpose.

(c) A person may not be denied a right, privilege, or benefit under State law by reason of failure to present himself for and submit to registration under 50 U.S.C.S. Appx. § 453 ~~if:~~if all of the following apply:

(1) The requirement for the person to so register has terminated or become inapplicable to the ~~person; and~~person.

(2) The person shows by a preponderance of the evidence that the failure of the person to register was not a knowing and willful failure to register."

SECTION 8A.9.(c) This section is effective when it becomes law and applies beginning with the 2023-2024 academic year.

CONFORM IN-STATE TUITION FOR MILITARY-RELATED INDIVIDUALS TO FEDERAL LAW

SECTION 8A.10.(a) G.S. 115D-39(a) reads as rewritten:

"(a) The State Board of Community Colleges shall fix and regulate all tuition and fees charged to students for applying to or attending any institution pursuant to this Chapter.

The receipts from all student tuition and fees, other than student activity fees, shall be State funds and shall be deposited as provided by regulations of the State Board of Community Colleges.

The legal resident limitation with respect to tuition, set forth in G.S. 116-143.1 and G.S. 116-143.3, shall apply to students attending institutions operating pursuant to this ~~Chapter; provided, however, that when~~ Chapter, except as follows:

(1) When an employer other than the ~~Armed Forces,~~ employer of a qualifying federal services member, as that term is defined in G.S. 116-143.3, pays tuition for an employee to attend an institution operating pursuant to this Chapter and when the employee works at a North Carolina business location, the employer shall be charged the in-State tuition ~~rate; provided further, however, a~~ rate.

(2) A community college may charge in-State tuition to up to one percent (1%) of its out-of-state students, rounded up to the next whole number, to accommodate the families transferred by business, the families transferred by industry, or the civilian families ~~transferred by the Armed Forces,~~ of qualifying federal services member transferred to a permanent duty station, consistent with the provisions of G.S. 116-143.3, into the State.

(3) ~~Notwithstanding these requirements, a~~ A refugee who lawfully entered the United States and who is living in this State shall be deemed to qualify as a domiciliary of this State under G.S. 116-143.1(a)(1) and as a State resident for community college tuition purposes as defined in G.S. 116-143.1(a)(2).

(4) ~~Also, a~~ A nonresident of the United States who has resided in North Carolina for a 12-month qualifying period and has filed an immigrant petition with the United States Immigration and Naturalization Service shall be considered a State resident for community college tuition purposes."

SECTION 8A.10.(b) G.S. 116-143.3 reads as rewritten:

"**§ 116-143.3. Tuition of ~~Armed Forces personnel~~ qualifying federal services members and their spouses and dependents.**

(a) Definitions. – The following definitions apply in this section:

(1) ~~The term "abode" shall mean the~~ Abode. – The place where a person actually lives, whether temporarily or permanently; the term "abide" shall mean to live in a given place.

(2) ~~The term "Armed Forces" shall mean the~~ Armed Forces. – The United States Air Force, Army, Coast Guard, Marine Corps, and Navy; the North Carolina National Guard; and any reserve component of the foregoing.

(2a) Dependent. – A spouse or dependent child.

(3) Repealed by Session Laws 2007-484, s. 15, effective August 30, 2007.

(4) Qualifying federal services member. – Any of the following:

a. A member of the Armed Forces who is on active duty for a period of more than 30 days, as defined in 10 U.S.C. § 101.

b. A member of the Foreign Service, as defined in 22 U.S.C. § 3903, who is on active duty for a period of more than 30 days.

(b) Any ~~active duty member of the Armed Forces qualifying for admission~~ qualifying federal services member admitted to an institution of higher ~~education~~ education, as defined in ~~G.S. 116-143.1(a)(3)~~ G.S. 116-143.1(a)(3), but not qualifying as a resident for tuition purposes under G.S. 116-143.1 shall be charged the in-State tuition rate and applicable mandatory fees for enrollments while the ~~member of the Armed Forces is abiding in this State incident to active military duty~~ qualifying federal services member's permanent duty station is in this State. In the event the ~~active duty member of the Armed Forces~~ qualifying federal services member is reassigned outside of North Carolina or retires, the member shall continue to be eligible for the in-State tuition rate and applicable mandatory fees so long as the member is continuously enrolled in the degree or other program in which the member was enrolled at the time the member is reassigned. In the event the qualifying federal services member is an active duty member of the Armed Forces and receives an Honorable Discharge from military service, the member shall continue to be eligible for the in-State tuition rate and applicable mandatory fees so long as the member establishes residency in North Carolina within 30 days after the discharge and is continuously enrolled in the degree or other program in which the member was enrolled at the time the member is discharged.

(b1), (b2) Repealed by Session Laws 2004-130, s. 1, effective August 1, 2004.

(c) Any ~~dependent relative of a member of the Armed Forces who is abiding in this State incident to active military duty, as defined by the Board of Governors of The University of North Carolina and by the State Board of Community Colleges while sharing the abode of that member~~ dependent of a qualifying federal services member with a permanent duty station in this State shall be eligible to be charged the in-State tuition rate, if the dependent ~~relative~~ qualifies for admission to an institution of higher ~~education~~ education, as defined in G.S. 116-143.1(a)(3). The dependent ~~relatives~~ shall comply with the requirements of the Selective Service System, if applicable, in order to be accorded this benefit. In the event the ~~member of the Armed Forces~~ qualifying federal services member is reassigned outside of North Carolina or retires, the dependent ~~relative~~ shall continue to be eligible for the in-State tuition rate and applicable mandatory fees so long as the dependent ~~relative~~ is continuously enrolled in the degree or other program in which the dependent ~~relative~~ was enrolled at the time the member is reassigned or retires. In the event the qualifying federal services member is an active duty member of the Armed Forces and receives an Honorable Discharge from military service, the dependent ~~relative~~ shall continue to be eligible for the in-State tuition rate and applicable mandatory fees so long as the dependent ~~relative~~ establishes residency within North Carolina within 30 days after the discharge and is continuously enrolled in the degree or other program in which the dependent ~~relative~~ was enrolled at the time the member is discharged.

(c1) A dependent ~~relative~~ child who resides with a member of the Armed Forces who is reassigned outside of the State incident to active military duty shall remain eligible to be charged the in-State tuition rate if all of the following are met:

(1) At the time the dependent ~~relative~~ child applies for admission to the institution of higher education, as defined in G.S. 116-143.1(a)(3), the dependent ~~relative~~ child both:

a. Is enrolled in a North Carolina high school.

b. Meets the requirements of subsection (c) of this section.

(2) Upon admission, the dependent ~~relative~~ child enrolls in the institution of higher education no later than the fall academic semester immediately following notice of admission and remains continuously enrolled.

(d) The person applying for the benefit of this section has the burden of proving entitlement to the benefit.

(e) A person charged less than the out-of-state tuition rate solely by reason of this section shall not, during the period of receiving that benefit, qualify for or be the basis of conferring the benefit of G.S. 116-143.1(g), (h), (i), (j), (k), or (*l*)."

SECTION 8A.10.(c) G.S. 116-235(b)(1) reads as rewritten:

"(1) Admission of Students. – The School shall admit students in accordance with criteria, standards, and procedures established by the Board of Trustees. To be eligible to be considered for admission, an applicant must be either a legal resident of the State, as defined by G.S. 116-143.1(a)(1), or a ~~student whose parent is an active duty member of the Armed Forces, as defined by G.S. 116-143.3(2), who is abiding in this State incident to active military duty at the time the application is submitted,~~ dependent of a qualifying federal services member eligible under G.S. 116-143.3, provided the student shares the abode of that parent; eligibility to remain enrolled in the School shall terminate at the end of any school year during which a student becomes a nonresident of the State. The Board of Trustees shall ensure, insofar as possible without jeopardizing admission standards, that an equal number of qualified applicants is admitted to the program and to the residential summer institutes in science and mathematics from each of North Carolina's congressional districts. In no event shall the differences in the number of qualified applicants offered admission to the program from each of North Carolina's congressional districts be more than two and one-half percentage points from the average number per district who are offered admission."

SECTION 8A.10.(d) This section is effective when it becomes law. Qualifying federal services members and their spouses and dependent children shall be eligible to be charged the in-State tuition rate beginning with the 2024-2025 academic year.

ALLOW PREAPPROVAL OF PESA EXPENSES IN LIEU OF EXPENSE REPORTS, AS RECOMMENDED BY THE INTERNAL AUDITOR

SECTION 8A.11.(a) G.S. 115C-592(b2) reads as rewritten:

"(b2) Disbursement and Deposit of Awards. – Scholarship funds shall be used only for tuition and qualifying education expenses as provided in G.S. 115C-595. Recipients shall receive the scholarship funds in two equal amounts, one-half in each semester of the school year. The first deposit of funds to a PESA shall be subject to the execution of the parental agreement required by G.S. 115C-595. The parent shall then receive an electronic account with the prepaid funds loaded in the electronic account at the beginning of the school year. ~~After the initial disbursement of funds, each subsequent, semester disbursement of funds shall be subject to the submission by the parent of an expense report. The expense report shall be submitted electronically and shall include documentation that the student received an education, as described in G.S. 115C-595(a)(1), for no less than 70 days of the applicable semester.~~ Requests for qualifying educational expenses are subject to a preapproval process established by the Authority prior to the disbursement of funds from the electronic account. An expense report shall not be required for any expenses that have been preapproved by the Authority. The electronic account shall be renewed upon the receipt of the parental agreement under G.S. 115C-595 for recipients awarded scholarship funds in subsequent school years."

SECTION 8A.11.(b) G.S. 115C-595(a)(1) reads as rewritten:

"(1) Use at least a portion of the scholarship funds to provide an ~~education~~ education, for no less than 70 days of each semester, to the eligible student in, at a minimum, the subjects of English language arts, mathematics, social studies, and science."

SECTION 8A.11.(c) This section is effective when it becomes law.

ALLOW CASH BASIS ACCOUNTING FOR SCHOOLS PARTICIPATING IN THE OPPORTUNITY SCHOLARSHIP PROGRAM

SECTION 8A.12.(a) G.S. 115C-562.5(a)(6) reads as rewritten:

"(6) Contract with a certified public accountant to perform a financial review, consistent with generally accepted methods of accounting ~~principles,~~ or any other comprehensive basis of accounting recognized by the American Institute of Certified Public Accountants (AICPA) for each school year in which the school enrolls 70 or more students receiving scholarship grants or scholarship funds awarded by the Authority."

SECTION 8A.12.(b) This section is effective when it becomes law.

PART IX. HEALTH AND HUMAN SERVICES

PART IX-A. AGING AND ADULT SERVICES

CONFORMING PARITY CHANGES PERTAINING TO MONTHLY PAYMENTS FOR STATE-COUNTY SPECIAL ASSISTANCE RECIPIENTS RESIDING IN IN-HOME LIVING ARRANGEMENTS

SECTION 9A.1. G.S. 108A-47.1, as amended by Section 9A.3 of S.L. 2021-180, reads as rewritten:

"**§ 108A-47.1. Special Assistance in-home payments.**

(a) The Department of Health and Human Services ~~may~~ shall use funds from the existing State-County Special Assistance budget to provide Special Assistance payments to eligible individuals 18 years of age or older in in-home living arrangements. The standard monthly payment to individuals enrolled in the Special Assistance in-home program shall be one hundred percent (100%) of the monthly payment the individual would receive if the individual resided in an adult care home and qualified for Special ~~Assistance, except if a lesser payment amount is appropriate for the individual as determined by the local case manager.~~ Assistance. The Department shall implement Special Assistance in-home eligibility policies and procedures to assure that in-home program participants are those individuals who need and, but for the in-home program, would seek placement in an adult care home facility. The Department's policies and procedures shall include the use of ~~a functional~~ an assessment.

(b) All county departments of social services shall participate in the State-County Special Assistance in-home program by making Special Assistance in-home slots available to individuals who meet the eligibility requirements established by the Department pursuant to subsection (a) of this section. ~~By February 15, 2013, the Department shall establish a formula to determine the need for additional State-County Special Assistance in-home slots for each county. Beginning July 1, 2014, and each July 1 thereafter, the Department shall review and revise the formula as necessary.~~"

PART IX-B. CENTRAL MANAGEMENT AND SUPPORT

REPORTS BY NON-STATE ENTITIES ON THE USE OF DIRECTED GRANT FUNDS

SECTION 9B.1. Any non-State entity, as defined in G.S. 143C-1-1, that is a recipient of nonrecurring funds allocated in Part IX of this act as a directed grant shall report to

the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division as follows:

(1) By July 1, 2024, on the use of directed grant funds received under Part IX of this act for the 2023-2024 fiscal year.

(2) By July 1, 2025, on the use of directed grant funds received under Part IX of this act for the 2024-2025 fiscal year.

COMMUNITY HEALTH GRANT PROGRAM

SECTION 9B.2.(a) Funds appropriated in this act to the Department of Health and Human Services, Division of Central Management, Office of Rural Health, for each year of the 2023-2025 fiscal biennium for the Community Health Grant Program shall be used to continue to administer the Community Health Grant Program as modified by Section 11A.8 of S.L. 2017-57.

SECTION 9B.2.(b) The Office of Rural Health shall make the final decision about awarding grants under this Program, but no single grant award shall exceed one hundred fifty thousand dollars ($150,000) during the fiscal year. In awarding grants, the Office of Rural Health shall consider the availability of other funds for the applicant; the incidence of poverty in the area served by the applicant or the number of indigent clients served by the applicant; the availability of, or arrangements for, after-hours care; and collaboration between the applicant and a community hospital or other safety net organizations.

SECTION 9B.2.(c) Grant recipients shall not use these funds to do any of the following:

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

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

(3) Finance or satisfy any existing debt.

SECTION 9B.2.(d) The Office of Rural Health may use up to two hundred thousand dollars ($200,000) in recurring funds for each fiscal year of the 2023-2025 fiscal biennium for administrative purposes.

SECTION 9B.2.(e) By September 1 of each year, the Office of Rural Health shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services on community health grants that includes at least all of the following information:

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

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

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

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

SECTION 9B.2.(f) By February 1, 2024, the Office of Rural Health shall report to the Joint Legislative Oversight Committee on Health and Human Services on the implementation status of the following Community Health Grant Program requirements enacted by Section 11A.8 of S.L. 2017-57:

(1) Establishment of a Primary Care Advisory Committee and that Committee's development of an objective and equitable process for grading applications for grants funded under the Community Health Grant Program.

(2) Development of a standardized method for grant recipients to report objective, measurable quality health outcomes.

FUNDS FOR NC DENTAL SOCIETY FOUNDATION'S MISSIONS OF MERCY DENTAL CLINICS

SECTION 9B.3. Funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health, for allocation to the NC Dental Society Foundation for its Missions of Mercy dental clinics shall not be spent for any purpose other than to provide direct services to patients and to purchase necessary dental supplies. None of these funds may be spent for administrative purposes.

EXPANSION OF THE NC LOAN REPAYMENT PROGRAM/INCENTIVES FOR HEALTH PROVIDERS IN RURAL AND UNDERSERVED AREAS

SECTION 9B.4.(a) Of the funds appropriated in this act from the ARPA Temporary Savings Fund to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health (ORH), for the North Carolina Loan Repayment Program (Program), the following sums shall be allocated for use as provided in this section:

(1) The sum of twenty-two million dollars ($22,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of twenty-two million dollars ($22,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall be allocated to support the current Program.

(2) The sum of two million dollars ($2,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of two million dollars ($2,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall be allocated to establish within the Program a new physician initiative targeting the recruitment and retention of additional licensed pediatricians, psychiatrists, and family medicine physicians in rural and medically underserved areas of the State. Under this new physician initiative:

a. The ORH shall allocate funding for at least an additional 15 providers who are licensed pediatricians, psychiatrists, or family medicine physicians to receive either of the following:

1. For eligible providers with educational loan debt, loan repayment incentives not to exceed twenty-five thousand dollars ($25,000) for each year the provider works at an eligible practice site, up to a maximum of one hundred thousand dollars ($100,000) per provider over a period of four consecutive years.

2. For eligible providers without educational loan debt, bonus payment incentives not to exceed twenty-five thousand dollars ($25,000) for each year the provider works at an eligible practice site, up to a maximum of one hundred thousand dollars ($100,000) per provider over a period of four consecutive years.

b. Private practice settings located in rural and medically underserved areas of the State are deemed automatically eligible practice sites under the new physician initiative authorized by this section.

c. The ORH shall collect and maintain data on the length of time each program participant remains employed at the practice site selected for his or her service commitment.

(3) The sum of one million dollars ($1,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of one million dollars ($1,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall be allocated for expansion of the Program to include registered nurses and clinical nurse specialists practicing in rural and medically underserved areas of the State.

SECTION 9B.4.(b) For each year of the 2023-2025 fiscal biennium, the ORH may use up to five percent (5%) of the total amount of funds allocated by this section for the following purposes:

(1) For administrative costs related to the Program, including costs related to establishing and administering the new physician initiative authorized by subdivision (a)(2) of this section and expanding the Program to include registered nurses and clinical nurse specialists pursuant to subdivision (a)(3) of this section.

(2) To enter into a contract with the North Carolina Area Health Education Center (AHEC) Program for the development and implementation of a plan to (i) target, recruit, and enroll licensed pediatricians, psychiatrists, family medicine physicians, registered nurses, and clinical nurse specialists in the Program, as specified in subsections (a) and (b) of this section, respectively, and (ii) retain these providers in rural and medically underserved areas of the State following completion of their service commitments.

SECTION 9B.4.(c) Notwithstanding any provision of law to the contrary, funds allocated under this section that remain unexpended at the end of each fiscal year shall not revert and shall remain available for expenditure for the purpose for which the funds were appropriated until the funds are expended.

SECTION 9B.4.(d) By January 15, 2025, and January 15, 2026, the ORH shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the use of funds allocated by subsection (a) of this section. The report shall include at least all of the following:

(1) A list of expenditures funded by State appropriations.

(2) The total number of licensed physicians enrolled in the initiative authorized by subdivision (a)(1) of this section, broken down by physician type, practice site, and the type and amount of incentive provided to each program participant.

(3) The total number of nurses enrolled in the Program following implementation of the expansion authorized by subdivision (a)(2) of this section, broken down by nursing credential, practice site, and the type and amount of incentive provided to each program participant.

(4) The length of time each program participant remains employed at a practice site in a rural and medically underserved area.

(5) Recommendations for improving recruitment and retention efforts under the Program.

EXPANSION OF THE MEDICAL ASSISTANT APPRENTICESHIP INITIATIVE PILOT PROGRAM

SECTION 9B.5.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health, the sum of eight hundred fifty thousand dollars ($850,000) in nonrecurring funds for the 2023-2024 fiscal year is allocated as a directed grant to the North Carolina Community Health Center

Association (NCCHCA), a nonprofit organization, to fund expansion of its Medical Assistant Apprenticeship Initiative (MAAI) pilot program through the addition of a combined total of at least 25 new apprentice placements at the following sites:

(1) Rural Health Group, Inc., a nonprofit corporation with existing MAAI pilot program sites located in Edgecombe, Granville, Halifax, Northampton, Vance, and Warren Counties.

(2) OIC Family Medical Center, a federally qualified health center that is a division of the nonprofit organization known as Opportunities Industrialization Center (OIC), Inc., which has existing MAAI pilot program sites located in Edgecombe and Nash Counties.

(3) New MAAI pilot program sites at additional community health centers, including each of the following community health centers:

a. Cabarrus Rowan Community Health Centers, Inc., located in Cabarrus County and Rowan County.

b. Kintegra Health located in Davidson County.

c. United Health Centers located in Forsyth County.

SECTION 9B.5.(b) The NCCHCA shall include the following information in the two reports required under Section 9B.1 of this act:

(1) An itemized list of program expenditures funded by the grant, including the number and location of all apprentice placements and the number and location of all new pilot program sites.

(2) The number of medical assistant apprentices who successfully complete the program and attain certification.

(3) A description of any benefits derived by community health centers as a result of their participation in the MAAI pilot program.

(4) Any other information the NCCHCA deems relevant to evaluating the success of the MAAI pilot program.

TRANSFER OF POSITIONS TO THE DEPARTMENT OF PUBLIC INSTRUCTION FOR THE CARE AND MAINTENANCE OF GOVERNOR MOREHEAD SCHOOL FOR THE BLIND

SECTION 9B.6. As part of the certification of the budget for the 2023-2025 fiscal biennium, the Department of Health and Human Services shall transfer to the Department of Public Instruction for the care and maintenance of the Governor Morehead School for the Blind the following full-time equivalent positions, and associated salaries and benefits, from Budget Code 14410 – Fund Code 1126 – Org. Unit Central Regional Maintenance, or their equivalent:

(1)	60038385	Grounds Supervisor I
(2)	60038381	General Utility Worker
(3)	60038441	Maintenance Mechanic V
(4)	60038395	Maintenance Mechanic IV
(5)	60038388	Maintenance Construction Technician III
(6)	60038389	Painter
(7)	60038396	Painter
(8)	60038442	Maintenance Mechanic V
(9)	60038486	Facility Maintenance Manager
(10)	60038458	Maintenance Mechanic I
(11)	60038386	Maintenance Mechanic II
(12)	60038437	Maintenance Mechanic IV
(13)	60038374	Maintenance Mechanic III
(14)	60038434	Maintenance Mechanic III
(15)	60038383	Boiler Operator

(16) 60038459 Maintenance Mechanic I

RURAL HOSPITAL STABILIZATION GRANTS

SECTION 9B.7.(a) Of the funds appropriated in this act from the ARPA Temporary Savings Fund to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health (ORH), the sum of twelve million five hundred thousand dollars ($12,500,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of twelve million five hundred thousand dollars ($12,500,000) in nonrecurring funds for the 2024-2025 fiscal year shall be allocated to the Grant Program created by subsection (b) of this section.

SECTION 9B.7.(b) There is established a Rural Hospital Stabilization Grant Program (Grant Program) within the ORH to provide temporary assistance in the form of grants to licensed hospitals that serve a rural community in the State and are in financial crisis or at risk of closing. The ORH shall establish eligibility criteria and an application process for the Grant Program, subject to the following requirements and limitations:

(1) The ORH shall require applicants to provide the following information:
   a. A statement as to how the grant funds will be used, if awarded.
   b. Any other information the ORH determines to have a bearing on whether grant funds should be awarded, including the hospital's current and historical financial information.

(2) The ORH shall not award grant funds in an amount beyond what is adequate for the uses stated in the grant application submitted by the hospital.

SECTION 9B.7.(c) Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary, nonrecurring funds appropriated to the ORH for the Grant Program shall not revert at the end of each fiscal year and shall remain available for use as authorized by this section until expended.

SECTION 9B.7.(d) By December 1, 2023, and by December 1, 2024, the ORH shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the grants awarded under the Grant Program. The report shall include at least all of the following information:

(1) The total amount of grants awarded.

(2) For each grant awarded, the grant recipient, the amount of the grant, and the recipient's stated purpose for seeking the grant.

COMPETITIVE GRANT/NONPROFIT ORGANIZATIONS

SECTION 9B.8.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, for each year of the 2023-2025 fiscal biennium, the following amounts shall be used to allocate funds for nonprofit organizations:

(1) The sum of ten million six hundred fifty-three thousand nine hundred eleven dollars ($10,653,911) in recurring funds for each year of the 2023-2025 fiscal biennium.

(2) The sum of four million seven hundred seventy-four thousand five hundred twenty-five dollars ($4,774,525) for each year of the 2023-2025 fiscal biennium appropriated in Section 9M.1 of this act in Social Services Block Grant funds.

SECTION 9B.8.(b) The Department shall continue administering a competitive grants process for nonprofit funding. The Department shall administer a plan that, at a minimum, includes each of the following:

(1) A request for application (RFA) process to allow nonprofits to apply for and receive State funds on a competitive basis. The Department shall require nonprofits to include in the application a plan to evaluate the effectiveness,

including measurable impact or outcomes, of the activities, services, and programs for which the funds are being requested.

(2) A requirement that nonprofits match a minimum of fifteen percent (15%) of the total amount of the grant award.

(3) A requirement that the Secretary prioritize grant awards to those nonprofits that are able to leverage non-State funds in addition to the grant award.

(4) A process that awards grants to nonprofits that have the capacity to provide services on a statewide basis and that support any of the following State health and wellness initiatives:

a. A program targeting advocacy, support, education, or residential services for persons diagnosed with autism.

b. A system of residential supports for those afflicted with substance abuse addiction.

c. A program of advocacy and supports for individuals with intellectual and developmental disabilities or severe and persistent mental illness, substance abusers, or the elderly.

d. Supports and services to children and adults with developmental disabilities or mental health diagnoses.

e. A food distribution system for needy individuals.

f. The provision and coordination of services for the homeless.

g. The provision of services for individuals aging out of foster care.

h. Programs promoting wellness, physical activity, and health education programming for North Carolinians.

i. The provision of services and screening for blindness.

j. A provision for the delivery of after-school services for apprenticeships or mentoring at-risk youth.

k. The provision of direct services for amyotrophic lateral sclerosis (ALS) and those diagnosed with the disease.

l. A comprehensive smoking prevention and cessation program that screens and treats tobacco use in pregnant women and postpartum mothers.

m. A program providing short-term or long-term residential substance abuse services. For purposes of this sub-subdivision, "long-term" means a minimum of 12 months.

n. A program that provides year-round sports training and athletic competition for children and adults with disabilities.

It is the intent of the General Assembly that annually the Secretary evaluate and prioritize the categories of health and wellness initiatives described under this subdivision to determine the best use of these funds in making grant awards, exclusive of direct allocations made by the General Assembly.

(5) A process that ensures that funds received by the Department to implement the plan supplement and do not supplant existing funds for health and wellness programs and initiatives.

(6) A process that allows grants to be awarded to nonprofits for up to two years.

(7) A requirement that initial disbursement of the grants be awarded no later than 30 days after certification of the State budget for the respective fiscal year.

(8) A requirement that nonprofits awarded grants use no more than fifteen percent (15%) of their total proposed expenditures for administrative costs, unless otherwise required by law.

SECTION 9B.8.(c) No later than July 1 of each year, as applicable, the Secretary shall announce the recipients of the competitive grant awards and allocate funds to the grant

recipients for the respective grant period pursuant to the amounts designated under subsection (a) of this section. After awards have been granted, by September 1 of each year, the Secretary shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services on the grant awards that includes at least all of the following:

(1) The identity and a brief description of each grantee and each program or initiative offered by the grantee.
(2) The amount of funding awarded to each grantee.
(3) The number of persons served by each grantee, broken down by program or initiative.

SECTION 9B.8.(d) No later than December 1 of each fiscal year, each nonprofit organization receiving funding pursuant to this section in the respective fiscal year shall submit to the Division of Central Management and Support a written report of all activities funded by State appropriations. The report shall include the following information about the fiscal year preceding the year in which the report is due:

(1) The entity's mission, purpose, and governance structure.
(2) A description of the types of programs, services, and activities funded by State appropriations.
(3) Statistical and demographical information on the number of persons served by these programs, services, and activities, including the counties in which services are provided.
(4) Outcome measures that demonstrate the impact and effectiveness of the programs, services, and activities.
(5) A detailed program budget and list of expenditures, including all positions funded, matching expenditures, and funding sources.

PART IX-C. CHILD AND FAMILY WELL-BEING

FUNDS FOR EVIDENCE-BASED SUPPORTED EMPLOYMENT SERVICES FOR INDIVIDUALS WITH SERIOUS MENTAL ILLNESS, INTELLECTUAL DISABILITIES, OR DEVELOPMENTAL DISABILITIES

SECTION 9C.1. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Child and Family Well-Being, the sum of seventy-five thousand dollars ($75,000) in recurring funds for the 2023-2024 fiscal year and the sum of seventy-five thousand dollars ($75,000) in recurring funds for the 2024-2025 fiscal year shall be allocated as a grant to North Carolina Association of People Supporting Employment, Inc. (NC APSE), a nonprofit corporation. NC APSE shall use these funds to develop and implement training programs for the Department, including online training modules, on the provision of evidence-based supported employment services for individuals in targeted populations, in order to assist these individuals with preparation for, identification of, and maintenance of integrated, paid, competitive employment. The Department shall make these training programs available throughout the State to (i) employers that have hired or are willing to hire individuals in targeted populations, (ii) service providers of local management entities/managed care organizations, and (iii) any other entity the Department determines will benefit from receiving this training in order to achieve improved employment outcomes for individuals in targeted populations. As used in this section, "individuals in targeted populations" means individuals with serious mental illness who are in or at risk of entry to an adult care home and individuals with intellectual disabilities, developmental disabilities, or both.

PART IX-D. CHILD DEVELOPMENT AND EARLY EDUCATION

NC PRE-K PROGRAMS/STANDARDS FOR FOUR- AND FIVE-STAR RATED FACILITIES

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

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

SECTION 9D.1.(b) Multiyear Contracts. – The Division of Child Development and Early Education shall require the NC Pre-K contractor to issue multiyear contracts for licensed private child care centers providing NC Pre-K classrooms.

SECTION 9D.1.(c) Building Standards. – Notwithstanding G.S. 110-91(4), private child care facilities and public schools operating NC Pre-K classrooms shall meet the building standards for preschool students as provided in G.S. 115C-521.1.

SECTION 9D.1.(d) Programmatic Standards. – Except as provided in subsection (c) of this section, entities operating NC Pre-K classrooms shall adhere to all of the policies prescribed by the Division of Child Development and Early Education regarding programmatic standards and classroom requirements.

SECTION 9D.1.(e) NC Pre-K Committees. – Local NC Pre-K committees shall use the standard decision-making process developed by the Division of Child Development and Early Education in awarding NC Pre-K classroom slots and student selection.

SECTION 9D.1.(f) Reporting. – The Division of Child Development and Early Education shall submit an annual report no later than March 15 of each year to the Joint Legislative Oversight Committee on Health and Human Services, the Office of State Budget and Management, and the Fiscal Research Division. The report shall include the following:

(1) The number of children participating in the NC Pre-K program by county.

(2) The number of children participating in the NC Pre-K program who have never been served in other early education programs such as child care, public or private preschool, Head Start, Early Head Start, or early intervention programs.

(3) The expected NC Pre-K expenditures for the programs and the source of the local contributions.

(4) The results of an annual evaluation of the NC Pre-K program.

SECTION 9D.1.(g) Audits. – The administration of the NC Pre-K program by local partnerships shall be subject to the financial and compliance audits authorized under G.S. 143B-168.14(b).

INCREASE CHILD CARE SUBSIDY REIMBURSEMENT RATES

SECTION 9D.2.(a) Beginning October 1, 2023, the Department of Health and Human Services, Division of Child Development and Early Education, shall increase the child care subsidy market rates to the seventy-fifth percentile as recommended by the 2021 Child Care Market Rate Study for children in three-, four-, and five-star-rated child care centers and homes.

SECTION 9D.2.(b) Section 9L.2(b)(1)a. of S.L. 2021-180, as amended by Section 9L.2(a) of S.L. 2022-74, reads as rewritten:

"a. A minimum of two hundred six million dollars ($206,000,000) but no more than two hundred fifteen million dollars ($215,000,000) to (i) reduce the waitlist for children eligible for subsidized child care who are in foster care and (ii) after addressing the waitlist under item (i) of this sub-subdivision, work toward reducing the waitlist for children eligible for subsidized child care. Additionally, the Division shall use a portion of these funds to ~~temporarily~~ increase the child care subsidy reimbursement rates to those recommended in the ~~2018~~ 2021 Child Care Market Rate Study ~~until the funds expire on September 30, 2024.~~until funds are exhausted."

CHILD CARE SUBSIDY RATES

SECTION 9D.3.(a) The maximum gross annual income for initial eligibility, adjusted annually, for subsidized child care services shall be determined based on a percentage of the federal poverty level as follows:

AGE	INCOME PERCENTAGE LEVEL
0 – 5	200%
6 – 12	133%

The eligibility for any child with special needs, including a child who is 13 years of age or older, shall be two hundred percent (200%) of the federal poverty level.

SECTION 9D.3.(b) Fees for families who are required to share in the cost of care are established based on ten percent (10%) of gross family income. When care is received at the blended rate, the copayment shall be eighty-three percent (83%) of the full-time copayment. Copayments for part-time care shall be seventy-five percent (75%) of the full-time copayment.

SECTION 9D.3.(c) Payments for the purchase of child care services for low-income children shall be in accordance with the following requirements:

(1) Religious sponsored child care facilities operating pursuant to G.S. 110-106 and licensed child care centers and homes that meet the minimum licensing standards that are participating in the subsidized child care program shall be paid the one-star county market rate or the rate they charge privately paying parents, whichever is lower, unless prohibited by subsection (f) of this section.

(2) Licensed child care centers and homes with two or more stars shall receive the market rate for that rated license level for that age group or the rate they charge privately paying parents, whichever is lower, unless prohibited by subsection (g) of this section.

(3) No payments shall be made for transportation services charged by child care facilities.

(4) Payments for subsidized child care services for postsecondary education shall be limited to a maximum of 20 months of enrollment. This shall not be determined before a family's annual recertification period.

(5) The Department of Health and Human Services shall implement necessary rule changes to restructure services, including, but not limited to, targeting benefits to employment.

SECTION 9D.3.(d) Provisions of payment rates for child care providers in counties that do not have at least 50 children in each age group for center-based and home-based care are as follows:

(1) Except as applicable in subdivision (2) of this subsection, payment rates shall be set at the statewide or regional market rate for licensed child care centers and homes.

(2) If it can be demonstrated that the application of the statewide or regional market rate to a county with fewer than 50 children in each age group is lower than the county market rate and would inhibit the ability of the county to purchase child care for low-income children, then the county market rate may be applied.

SECTION 9D.3.(e) A market rate shall be calculated for child care centers and homes at each rated license level for each county and for each age group or age category of enrollees and shall be representative of fees charged to parents for each age group of enrollees within the county. The Division of Child Development and Early Education shall also calculate a statewide rate and regional market rate for each rated license level for each age category.

SECTION 9D.3.(f) The Division of Child Development and Early Education shall continue implementing policies that improve the quality of child care for subsidized children, including a policy in which child care subsidies are paid, to the extent possible, for child care in the higher quality centers and homes only. The Division shall define higher quality, and subsidy funds shall not be paid for one- or two-star-rated facilities. For those counties with an inadequate number of four- and five-star-rated facilities, the Division shall continue a transition period that allows the facilities to continue to receive subsidy funds while the facilities work on the increased star ratings. The Division may allow exemptions in counties where there is an inadequate number of four- and five-star-rated facilities for non-star-rated programs, such as religious programs.

SECTION 9D.3.(g) Facilities licensed pursuant to Article 7 of Chapter 110 of the General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the program that provides for the purchase of care in child care facilities for minor children of needy families. Except as authorized by subsection (f) of this section, no separate licensing requirements shall be used to select facilities to participate. In addition, child care facilities shall be required to meet any additional applicable requirements of federal law or regulations. Child care arrangements exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall meet the requirements established by other State law and by the Social Services Commission.

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

SECTION 9D.3.(h) Payment for subsidized child care services provided with Temporary Assistance for Needy Families Block Grant funds shall comply with all regulations and policies issued by the Division of Child Development and Early Education for the subsidized child care program.

SECTION 9D.3.(i) Noncitizen families who reside in this State legally shall be eligible for child care subsidies if all other conditions of eligibility are met. If all other conditions of eligibility are met, noncitizen families who reside in this State illegally shall be eligible for child care subsidies only if at least one of the following conditions is met:

(1) The child for whom a child care subsidy is sought is receiving child protective services or foster care services.

(2) The child for whom a child care subsidy is sought is developmentally delayed or at risk of being developmentally delayed.

(3) The child for whom a child care subsidy is sought is a citizen of the United States.

SECTION 9D.3.(j) The Department of Health and Human Services, Division of Child Development and Early Education, shall require all county departments of social services to include on any forms used to determine eligibility for child care subsidy whether the family waiting for subsidy is receiving assistance through the NC Pre-K Program or Head Start.

SECTION 9D.3.(k) Department of Defense-certified child care facilities licensed pursuant to G.S. 110-106.2 may participate in the State-subsidized child care program that provides for the purchase of care in child care facilities for minor children in needy families, provided that funds allocated from the State-subsidized child care program to Department of Defense-certified child care facilities shall supplement and not supplant funds allocated in accordance with G.S. 143B-168.15(g). Payment rates and fees for military families who choose Department of Defense-certified child care facilities and who are eligible to receive subsidized child care shall be as set forth in this section.

CHILD CARE ALLOCATION FORMULA

SECTION 9D.4.(a) The Department of Health and Human Services, Division of Child Development and Early Education (Division), shall allocate child care subsidy voucher funds to pay the costs of necessary child care for minor children of needy families. The mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation under G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy allocation. The Department of Health and Human Services shall use the following method when allocating federal and State child care funds, not including the aggregate mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation:

(1) Funds shall be allocated to a county based upon the projected cost of serving children under age 11 in families with all parents working who earn less than the applicable federal poverty level percentage set forth in Section 9D.3(a) of this act.

(2) The Division may withhold up to two percent (2%) of available funds from the allocation formula for (i) preventing termination of services throughout the fiscal year and (ii) repayment of any federal funds identified by counties as overpayments, including overpayments due to fraud. The Division shall allocate to counties any funds withheld before the end of the fiscal year when the Division determines the funds are not needed for the purposes described in this subdivision. The Division shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division, which report shall include each of the following:
   a. The amount of funds used for preventing termination of services and the repayment of any federal funds.
   b. The date the remaining funds were distributed to counties.
   c. As a result of funds withheld under this subdivision and after funds have been distributed, any counties that did not receive at least the amount the counties received the previous year and the amount by which funds were decreased.

   The Division shall submit a report in each year of the 2023-2025 fiscal biennium 30 days after the funds withheld pursuant to this subdivision are distributed but no later than April 1 of each respective year.

(3) The Division shall set aside four percent (4%) of child care subsidy allocations for vulnerable populations, which include a child identified as having special needs and a child whose application for assistance indicates that the child and the child's family is experiencing homelessness or is in a temporary living situation. A child identified by this subdivision shall be given priority for

receiving services until such time as set-aside allocations for vulnerable populations are exhausted.

SECTION 9D.4.(b) The Division may reallocate unused child care subsidy voucher funds in order to meet the child care needs of low-income families. Any reallocation of funds shall be based upon the expenditures of all child care subsidy voucher funding, including North Carolina Partnership for Children, Inc., funds within a county. Counties shall manage service levels within the funds allocated to the counties. A county with a spending coefficient over one hundred percent (100%) shall submit a plan to the Division for managing the county's allocation before receiving any reallocated funds.

SECTION 9D.4.(c) When implementing the formula under subsection (a) of this section, the Division shall include the market rate increase in the formula process rather than calculate the increases outside of the formula process. Additionally, the Department shall do the following:

(1) Deem a county's initial allocation as the county's expenditure in the previous fiscal year or a prorated share of the county's previous fiscal year expenditures if sufficient funds are not available.

(2) Effective immediately following the next new decennial census data release, implement (i) one-third of the change in a county's allocation in the year following the data release, (ii) an additional one-third of the change in a county's allocation beginning two years after the initial change under this subdivision, and (iii) the final one-third change in a county's allocation beginning the following two years thereafter.

AUTOMATIC CHILD CARE SUBSIDY ELIGIBILITY FOR CHILD CARE TEACHERS/PILOT PROGRAM

SECTION 9D.4A.(a) Of the funds appropriated in this act from the General Fund to the Department of Health and Human Services, Division of Child Development and Early Education (Division), the sum of ten million dollars ($10,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall be used to establish a pilot program that provides automatic eligibility for child care subsidy for the preschool-age children, 8 weeks to 5 years of age, of all child care teachers employed full time by a licensed child care program in this State. A child care teacher deemed automatically eligible for subsidy pursuant to this section shall have completed, be in the process of completing, or enroll at the first available semester in an Introduction to Early Childhood class at any local community college in this State. A child care teacher who does not already possess an Early Childhood Education Infant/Toddler Certificate or Child Development Certificate shall commit to remaining in college and completing either certificate within 18 months. Any coursework taken pursuant to this section shall be paid for by the T.E.A.C.H. Early Childhood North Carolina Scholarship Program, with no cost to the teacher. For purposes of this section, "full time" means a minimum of 35 hours per week.

SECTION 9D.4A.(b) Section 9L.2(b)(1)a. of S.L. 2021-180, as amended by Section 9L.2(a) of S.L. 2022-74, reads as rewritten:

"a. A minimum of two hundred six million dollars ($206,000,000) but no more than two hundred fifteen million dollars ($215,000,000) to (i) reduce the waitlist for children eligible for subsidized child care who are in foster care and (ii) after addressing the waitlist under item (i) of this sub-subdivision, work toward reducing the waitlist for children eligible for subsidized child care. Additionally, the Division shall use a portion of these funds ~~to temporarily~~ for the following purposes until funds are exhausted:

1. ~~increase~~ To increase the child care subsidy reimbursement rates to those recommended in the ~~2018~~ 2021 Child Care

Market Rate ~~Study until the funds expire on September 30, 2024.~~Study.

2. To provide the sum of ten million dollars ($10,000,000) for the 2023-2024 fiscal year for the Automatic Child Care Subsidy Eligibility for Child Care Teachers pilot program established under Section 9D.4A of the 2023 Appropriations Act."

SECTION 9D.4A.(c) The Division of Child Development and Early Education shall implement the pilot program within 120 days from the date this section becomes law. The Division shall select counties from across the State to participate in the pilot program. In selecting counties, the Division shall focus on counties with the highest percentage of child care capacity lost during the past 10 years. In determining the applicable rate for a child care teacher eligible for subsidy under this section, the Division shall use the rate available in the county where the teacher resides. Child care centers shall accept the current market subsidy rates and may not charge copayment fees or any other fees in addition to the subsidy amount provided pursuant to this section. County agencies shall use existing child care subsidy funding first before applying for additional funding.

SECTION 9D.4A.(d) The Division of Child Development and Early Education shall submit an initial report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division of the General Assembly by March 31, 2024, of the number of child care teachers participating in the pilot program, by county. Thereafter, the Division shall submit a quarterly report on the number of participants in the program, with a detailed report by December 31 of each year the pilot program is in effect. The quarterly and annual detailed reports shall include, at a minimum, the following:

(1) The number of teachers in the pilot program who were already teaching and became automatically eligible for child care subsidy on the date this section becomes law.
(2) The number of new teachers added to the pilot program, by county, on a monthly basis.
(3) The retention of every teacher in the pilot program.
(4) Any other information the Division deems relevant.

SMART START INITIATIVES

SECTION 9D.5.(a) Policies. – The North Carolina Partnership for Children, Inc., and its Board shall ensure policies focus on the North Carolina Partnership for Children, Inc.'s mission of improving child care quality in North Carolina for children from birth to 5 years of age. North Carolina Partnership for Children, Inc., funded activities shall include assisting child care facilities with (i) improving quality, including helping one-, two-, and three-star-rated facilities increase their star ratings, and (ii) implementing prekindergarten programs. State funding for local partnerships shall also be used for evidence-based or evidence-informed programs for children from birth to 5 years of age that do the following:

(1) Increase children's literacy.
(2) Increase the parents' ability to raise healthy, successful children.
(3) Improve children's health.
(4) Assist four- and five-star-rated facilities in improving and maintaining quality.

SECTION 9D.5.(b) Administration. – Administrative costs shall be equivalent to, on an average statewide basis for all local partnerships, not more than nine percent (9%) of the total statewide allocation to all local partnerships. For purposes of this subsection, administrative costs shall include costs associated with partnership oversight, business and financial management, general accounting, human resources, budgeting, purchasing, contracting, and information systems management. The North Carolina Partnership for Children, Inc., shall continue using a single statewide contract management system that incorporates features of the

required standard fiscal accountability plan described in G.S. 143B-168.12(a)(4). All local partnerships are required to participate in the contract management system and, directed by the North Carolina Partnership for Children, Inc., to collaborate, to the fullest extent possible, with other local partnerships to increase efficiency and effectiveness.

SECTION 9D.5.(c) Salaries. – The salary schedule developed and implemented by the North Carolina Partnership for Children, Inc., shall set the maximum amount of State funds that may be used for the salary of the Executive Director of the North Carolina Partnership for Children, Inc., and the directors of the local partnerships. The North Carolina Partnership for Children, Inc., shall base the schedule on the following criteria:

(1) The population of the area serviced by a local partnership.
(2) The amount of State funds administered.
(3) The amount of total funds administered.
(4) The professional experience of the individual to be compensated.
(5) Any other relevant factors pertaining to salary, as determined by the North Carolina Partnership for Children, Inc.

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

SECTION 9D.5.(d) Match Requirements. – The North Carolina Partnership for Children, Inc., and all local partnerships shall, in the aggregate, be required to match one hundred percent (100%) of the total amount budgeted for the program in each fiscal year of the 2023-2025 biennium. Of the funds that the North Carolina Partnership for Children, Inc., and the local partnerships are required to match, contributions of cash shall be equal to at least thirteen percent (13%) and in-kind donated resources shall be equal to no more than six percent (6%) for a total match requirement of nineteen percent (19%) for each year of the 2023-2025 fiscal biennium. The North Carolina Partnership for Children, Inc., may carry forward any amount in excess of the required match for a fiscal year in order to meet the match requirement of the succeeding fiscal year. Only in-kind contributions that are quantifiable shall be applied to the in-kind match requirement. Volunteer services may be treated as an in-kind contribution for the purpose of the match requirement of this subsection. Volunteer services that qualify as professional services shall be valued at the fair market value of those services. All other volunteer service hours shall be valued at the statewide average wage rate as calculated from data compiled by the Division of Employment Security of the Department of Commerce in the Employment and Wages in North Carolina Annual Report for the most recent period for which data are available. Expenses, including both those paid by cash and in-kind contributions, incurred by other participating non-State entities contracting with the North Carolina Partnership for Children, Inc., or the local partnerships also may be considered resources available to meet the required private match. In order to qualify to meet the required private match, the expenses shall:

(1) Be verifiable from the contractor's records.
(2) If in-kind, other than volunteer services, be quantifiable in accordance with generally accepted accounting principles for nonprofit organizations.
(3) Not include expenses funded by State funds.
(4) Be supplemental to and not supplant preexisting resources for related program activities.
(5) Be incurred as a direct result of the Early Childhood Initiatives Program and be necessary and reasonable for the proper and efficient accomplishment of the Program's objectives.
(6) Be otherwise allowable under federal or State law.
(7) Be required and described in the contractual agreements approved by the North Carolina Partnership for Children, Inc., or the local partnership.

(8) Be reported to the North Carolina Partnership for Children, Inc., or the local partnership by the contractor in the same manner as reimbursable expenses.

Failure to obtain a nineteen-percent (19%) match by June 30 of each year of the 2023-2025 fiscal biennium shall result in a dollar-for-dollar reduction in the appropriation for the Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be responsible for compiling information on the private cash and in-kind contributions into a report, to be included in its annual report as required under G.S. 143B-168.12(d), in a format that allows verification by the Department of Revenue. The same match requirements shall apply to any expansion funds appropriated by the General Assembly.

SECTION 9D.5.(e) Bidding. – The North Carolina Partnership for Children, Inc., and all local partnerships shall use competitive bidding practices in contracting for goods and services on contract amounts as follows:

(1) For amounts of five thousand dollars ($5,000) or less, the procedures specified by a written policy as developed by the Board of Directors of the North Carolina Partnership for Children, Inc.

(2) For amounts greater than five thousand dollars ($5,000) but less than fifteen thousand dollars ($15,000), three written quotes.

(3) For amounts of fifteen thousand dollars ($15,000) or more but less than forty thousand dollars ($40,000), a request for proposal process.

(4) For amounts of forty thousand dollars ($40,000) or more, a request for proposal process and advertising in a major newspaper.

SECTION 9D.5.(f) Allocations. – The North Carolina Partnership for Children, Inc., shall not reduce the allocation for counties with less than 35,000 in population below the 2012-2013 funding level.

SECTION 9D.5.(g) Performance-Based Evaluation. – The Department of Health and Human Services shall continue to implement the performance-based evaluation system.

SECTION 9D.5.(h) Expenditure Restrictions. – Except as provided in subsection (i) of this section, the Department of Health and Human Services and the North Carolina Partnership for Children, Inc., shall ensure that the allocation of funds for Early Childhood Education and Development Initiatives for the 2023-2025 fiscal biennium shall be administered and distributed in the following manner:

(1) Capital expenditures are prohibited for the 2023-2025 fiscal biennium. For the purposes of this section, "capital expenditures" means expenditures for capital improvements as defined in G.S. 143C-1-1(d)(5).

(2) Expenditures of State funds for advertising and promotional activities are prohibited for the 2023-2025 fiscal biennium.

For the 2023-2025 fiscal biennium, local partnerships shall not spend any State funds on marketing campaigns, advertising, or any associated materials. Local partnerships may spend any private funds the local partnerships receive on those activities.

SECTION 9D.5.(i) Notwithstanding subsection (h) of this section, the North Carolina Partnership for Children, Inc., and local partnerships may use up to one percent (1%) of State funds for fundraising activities. The North Carolina Partnership for Children, Inc., shall include in its annual report required under G.S. 143B-168.12(d) a report on the use of State funds for fundraising. The report shall include the following:

(1) The amount of funds expended on fundraising.

(2) Any return on fundraising investments.

(3) Any other information deemed relevant.

SMART START LITERACY INITIATIVE/DOLLY PARTON'S IMAGINATION LIBRARY

SECTION 9D.6.(a) A portion of the funds allocated in this act to the North Carolina Partnership for Children, Inc., from the Department of Health and Human Services, shall continue to be used to increase access to Dolly Parton's Imagination Library, an early literacy program that mails age-appropriate books on a monthly basis to children registered for the program.

SECTION 9D.6.(b) The North Carolina Partnership for Children, Inc., may use up to one percent (1%) of the funds for statewide program management and up to one percent (1%) of the funds for program evaluation. Funds allocated under this section shall not be subject to administrative costs requirements under Section 9D.5(b) of this act, nor shall these funds be subject to the child care services funding requirements under G.S. 143B-168.15(b), child care subsidy expansion requirements under G.S. 143B-168.15(g), or the match requirements under Section 9D.5(d) of this act.

FLEXIBILITY IN USE OF ADDITIONAL SMART START FUNDS/EXEMPTION FROM CERTAIN REQUIREMENTS

SECTION 9D.7. Additional recurring funds allocated in this act to the North Carolina Partnership for Children, Inc. (Smart Start), from the Department of Health and Human Services, Division of Child Development and Early Education, for each year of the 2023-2025 fiscal biennium may be used for any of Smart Start's programs and are not subject to the administrative cost requirements under Section 9D.5(b) of this act, child care services funding requirements under G.S. 143B-168.15(b), child care subsidy expansion requirements under G.S. 143B-168.15(g), or match requirements under Section 9D.5(d) of this act.

WONDERSCHOOL PILOT PROGRAM

SECTION 9D.8.(a) Of the funds appropriated in this act from the General Fund to the Department of Health and Human Services, Division of Child Development and Early Education (Division), the sum of one million fifty thousand dollars ($1,050,000) in nonrecurring funds for the 2024-2025 fiscal year shall be used to establish a pilot program. In establishing the pilot program under this section, the Division shall partner with Wonderschool, an organization that enables families to access high-quality child care. These funds shall be used for the creation of up to 300 new in-home child care programs in this State.

SECTION 9D.8.(b) Section 9L.2(b)(1)a. of S.L. 2021-180, as amended by Section 9L.2(a) of S.L. 2022-74, reads as rewritten:

"a. A minimum of two hundred six million dollars ($206,000,000) but no more than two hundred fifteen million dollars ($215,000,000) to (i) reduce the waitlist for children eligible for subsidized child care who are in foster care and (ii) after addressing the waitlist under item (i) of this sub-subdivision, work toward reducing the waitlist for children eligible for subsidized child care. Additionally, the Division shall use a portion of these funds ~~to temporarily~~ for the following purposes until funds are exhausted:

1. ~~increase~~ To increase the child care subsidy reimbursement rates to those recommended in the ~~2018~~ 2021 Child Care Market Rate ~~Study until the funds expire on September 30, 2024.~~Study.
2. To provide the sum of one million fifty thousand dollars ($1,050,000) for the 2023-2024 fiscal year for the WonderSchool pilot program established under Section 9D.8 of the 2023 Appropriations Act."

SECTION 9D.8.(c) The Division of Child Development and Early Education shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services and

the Fiscal Research Division of the General Assembly by December 31, 2024, of the number of child care programs created through the pilot program, by county, and any other information the Division deems relevant.

TRI-SHARE CHILD CARE PILOT PROJECT

SECTION 9D.9.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Child Development and Early Education, to be allocated to the North Carolina Partnership for Children, Inc., the sum of one million eight hundred thousand dollars ($1,800,000) in nonrecurring funds for the 2024-2025 fiscal year shall be used to provide the State portion of funding for the three-year Tri-Share child care pilot project established by this section. From funds allocated in this section for the 2024-2025 fiscal year, the sum of nine hundred thousand dollars ($900,000) for the 2024-2025 fiscal year shall be used for year three of the pilot project and the Director of the Budget shall include in the base budget, as defined by G.S. 143C-1-1(d)(1c), that amount in nonrecurring funds needed to support the pilot project. Funds appropriated pursuant to this section shall be divided evenly in each fiscal year among the regional facilitator hubs selected to participate in the pilot project. Upon completion of the pilot project, any unexpended funds shall revert to the General Fund.

SECTION 9D.9.(b) Section 9L.2(b)(1)a. of S.L. 2021-180, as amended by Section 9L.2(a) of S.L. 2022-74, reads as rewritten:

"a. A minimum of two hundred six million dollars ($206,000,000) but no more than two hundred fifteen million dollars ($215,000,000) to (i) reduce the waitlist for children eligible for subsidized child care who are in foster care and (ii) after addressing the waitlist under item (i) of this sub-subdivision, work toward reducing the waitlist for children eligible for subsidized child care. Additionally, the Division shall use a portion of these funds ~~to temporarily~~ for the following purposes until funds are exhausted:

1. ~~increase~~ To increase the child care subsidy reimbursement rates to those recommended in the ~~2018~~ 2021 Child Care Market Rate ~~Study until the funds expire on September 30, 2024.~~Study.
2. To provide the sum of nine hundred thousand dollars ($900,000) for the 2023-2024 fiscal year for the Tri-Share Child Care pilot project established under Section 9D.9 of the 2023 Appropriations Act."

SECTION 9D.9.(c) The Division of Child Development and Early Education (Division), in collaboration with the North Carolina Partnership for Children, Inc. (NCPC), shall establish a three-year pilot project to implement the Tri-Share Child Care program, a program that creates a public/private partnership to share the cost of child care equally between employers, eligible employees, and the State to:

(1) Make high-quality child care affordable and accessible for working families.
(2) Help employers retain and attract employees.
(3) Help stabilize child care businesses across the State.

SECTION 9D.9.(d) The Division and NCPC shall select up to three local partnerships to serve as regional facilitator hubs to implement and administer the pilot project and act as regional intermediaries between employers, families, child care providers, and the State. The Division and NCPC shall select local partnerships to participate in the pilot project from geographically diverse areas across the State, with one selected from a tier one county. For purposes of this section, a tier one county shall have the same designation as that established by the North Carolina Department of Commerce's 2023 County Tier Designations.

SECTION 9D.9.(e) The local partnerships selected to serve as regional facilitator hubs shall establish and determine program eligibility. For purposes of this pilot project, an employee is eligible to participate in the program if the employee (i) is employed by a participating employer, (ii) has a household income between one hundred eighty-five percent (185%) and three hundred percent (300%) of the federal poverty level, and (iii) is not otherwise eligible for subsidized child care in this State. An eligible employee may reside outside of the designated region for the respective facilitator hub. Additionally, the regional facilitator hubs shall develop and implement other criteria for the child care program, including, but not limited to, each of the following:

(1) Ensuring payment for the cost of child care is divided equally between an employer, an eligible employee, and the State.
(2) Soliciting participating employers.
(3) Ensuring participating employers agree to (i) identify and recruit eligible employees, (ii) provide the employer portion of each participating employee's child care costs, and (iii) maintain communication with the regional facilitator hub regarding each eligible employee's continued employment and eligibility.
(4) Verifying that child care providers seeking to participate in the program are licensed in this State.
(5) Upon determining an employee's eligibility, ensuring payment by the employee of the employee's portion of the cost of child care.
(6) Coordinating payments between employers and licensed child care providers.

SECTION 9D.9.(f) For purposes of this section, child care includes part-time and full-time care, before and after school care, and summer day camps.

SECTION 9D.9.(g) A regional facilitator hub may use up to nine percent (9%) of its allocation for administrative costs.

SECTION 9D.9.(h) Within six months after completion of the pilot project, the Division shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. The report shall include, at a minimum, each of the following:

(1) The number of children served, by age and county.
(2) Total project costs, including any administrative costs.
(3) The amount of funds needed to expand the program statewide.
(4) The list of employers participating in the pilot project.
(5) Any other relevant information deemed appropriate.

PART IX-E. HEALTH BENEFITS

CONTINUE MEDICAID ANNUAL REPORT

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

VOLUME PURCHASE PLANS AND SINGLE SOURCE PROCUREMENT

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

DURATION OF MEDICAID PROGRAM MODIFICATIONS

SECTION 9E.3. Except for statutory changes or where otherwise specified, the Department of Health and Human Services shall not be required to maintain, after June 30, 2025, any modifications to the Medicaid program required by this Subpart.

ADMINISTRATIVE HEARINGS FUNDING

SECTION 9E.4. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Health Benefits, for administrative contracts and interagency transfers, the Department of Health and Human Services (DHHS) shall transfer the sum of one million dollars ($1,000,000) for the 2023-2024 fiscal year and the sum of one million dollars ($1,000,000) for the 2024-2025 fiscal year to the Office of Administrative Hearings (OAH). These funds shall be allocated by OAH for mediation services provided for Medicaid applicant and recipient appeals and to contract for other services necessary to conduct the appeals process. OAH shall continue the Memorandum of Agreement (MOA) with DHHS for mediation services provided for Medicaid recipient appeals and contracted services necessary to conduct the appeals process. Upon receipt of invoices from OAH for covered services rendered in accordance with the MOA, DHHS shall transfer the federal share of Medicaid funds drawn down for this purpose.

ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE

SECTION 9E.5.(a) The Department of Health and Human Services, Division of Health Benefits (DHB), receivables reserved at the end of the 2023-2024 and 2024-2025 fiscal years shall, when received, be accounted for as nontax revenue for each of those fiscal years. The treatment under this section of any revenue derived from federal programs shall be in accordance with the requirements specified in the Code of Federal Regulations, Title 2, Part 225.

SECTION 9E.5.(b) For the 2023-2024 fiscal year, the Department of Health and Human Services shall deposit from its revenues one hundred sixty-four million five hundred thousand dollars ($164,500,000) with the Department of State Treasurer to be accounted for as nontax revenue. For the 2024-2025 fiscal year, the Department of Health and Human Services shall deposit from its revenues eighty-eight million four hundred thousand dollars ($88,400,000) with the Department of State Treasurer to be accounted for as nontax revenue. These deposits shall represent the return of advanced General Fund appropriations, nonfederal revenue, fund balances, or other resources from State-owned and State-operated hospitals that are used to provide indigent and nonindigent care services. The return from State-owned and State-operated hospitals to the Department of Health and Human Services shall be made from nonfederal resources in the following manner:

(1) The University of North Carolina Hospitals at Chapel Hill shall make the following deposits:
   a. For the 2023-2024 fiscal year, the amount of thirty-one million three hundred sixty-five thousand three hundred five dollars ($31,365,305).
   b. For the 2024-2025 fiscal year, the amount of thirty-one million three hundred sixty-five thousand three hundred five dollars ($31,365,305).

(2) All State-owned and State-operated hospitals, other than the University of North Carolina Hospitals at Chapel Hill, that specialize in psychiatric care shall annually deposit an amount equal to the amount of the payments from DHB for uncompensated care.

LME/MCO INTERGOVERNMENTAL TRANSFERS

SECTION 9E.6.(a) The local management entities/managed care organizations (LME/MCOs) shall make intergovernmental transfers to the Department of Health and Human Services, Division of Health Benefits (DHB), in an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen dollars ($18,028,217) in the 2023-2024 fiscal year and in an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen

dollars ($18,028,217) for the 2024-2025 fiscal year. The due date and frequency of the intergovernmental transfer required by this section shall be determined by DHB. The amount of the intergovernmental transfer that each individual LME/MCO is required to make in each fiscal year shall be as follows:

	2023-2024	2024-2025
Alliance Behavioral Healthcare	$4,907,800	$4,907,800
Eastpointe	$1,631,348	$1,631,348
Partners Health Management	$3,362,071	$3,362,071
Sandhills Center	$2,673,494	$2,673,494
Trillium Health Resources	$2,594,140	$2,594,140
Vaya Health	$2,859,364	$2,859,364

SECTION 9E.6.(b) In the event that a county disengages from an LME/MCO and realigns with another LME/MCO during the 2023-2025 fiscal biennium, DHB shall have the authority to reallocate the amount of the intergovernmental transfer that each affected LME/MCO is required to make under subsection (a) of this section, taking into consideration the change in catchment area and covered population, provided that the aggregate amount of the transfers received from all LME/MCOs in each year of the fiscal biennium is achieved.

DSH RECEIPTS FOR USE BY THE MEDICAID PROGRAM

SECTION 9E.7.(a) Of the federal disproportionate share adjustment receipts arising from certified public expenditures for the 2023-2024 fiscal year and the 2024-2025 fiscal year, forty-three million dollars ($43,000,000) in each fiscal year shall not be deposited into the Hospital Uncompensated Care Fund under G.S. 143C-9-9 but rather shall be available to the Department of Health and Human Services, Division of Health Benefits, to be used for the Medicaid program.

SECTION 9E.7.(b) If House Bill 76, 2023 Regular Session, becomes law, then this section shall expire on the date on which G.S. 108A-54.3A(24), as enacted under Section 1(b) of that act, is effective.

MEDICAID REBASE TRACKING, TRANSPARENCY, AND PREDICTABILITY

SECTION 9E.8.(a) The Department of Health and Human Services, Division of Health Benefits (DHB), shall, on the schedule outlined in subsection (b) of this section, report to the Office of State Budget Management, the Joint Legislative Oversight Committee on Medicaid, and the Fiscal Research Division on the following information:

(1) For the initial report, Medicaid enrollment projections for the 2023-2025 fiscal biennium. For each subsequent report, the actual enrollment relative to those projections.

(2) The year-to-date General Fund expenditures for Medicaid through the month prior to the month in which the report is due.

(3) Projections on Medicaid General Fund expenditures needed for the remaining months in the 2023-2025 fiscal biennium.

(4) Any Medicaid-related budget challenges identified by DHB for the 2023-2025 fiscal biennium and the 2025-2027 fiscal biennium, and the estimated cost related to those challenges. Challenges that have been identified in a previously submitted report for which there are no updates need not be identified in subsequent reports.

(5) Changes to the Medicaid program that are planned to be implemented at any time in the future under the authority granted under G.S. 108A-54(e)(1), the predicted impact of those changes to the Medicaid budget for the 2023-2025 fiscal biennium and the 2025-2027 fiscal biennium, and the anticipated implementation time line for those changes. Planned changes that have been

identified in a previously submitted report for which there are no updates need not be identified in subsequent reports.

(6) Changes to the Medicaid program required under federal or State law that will be implemented, the predicted impact of those changes to the Medicaid budget for the 2023-2025 fiscal biennium and the 2025-2027 fiscal biennium, and the anticipated implementation time line for those changes. Changes that have been identified in a previously submitted report for which there are no updates need not be identified in subsequent reports.

(7) Any unanticipated costs to the Medicaid program that were not accounted for in either the model used to create the Governor Cooper's Recommended Budget for the 2023-2025 fiscal biennium, or the projection contained in any prior report submitted under this section. Any unanticipated costs that have been identified in a previously submitted report for which there are no updates need not be identified in subsequent reports.

(8) The amount, if any, of funds DHB is requesting to be transferred out of the Medicaid Contingency Reserve, as established under G.S. 143C-4-11, and as much information as possible that meets the requirements under G.S. 143C-4-11(b)(3).

SECTION 9E.8.(b) The reports required under subsection (a) of this section shall be due on the following schedule:

(1) October 15, 2023.
(2) January 15, 2024.
(3) March 15, 2024, and monthly thereafter through June 15, 2024.
(4) October 15, 2024.
(5) January 15, 2025.
(6) March 15, 2025, and monthly thereafter through June 15, 2025.

USE OF THE MEDICAID TRANSFORMATION FUND FOR MEDICAID TRANSFORMATION NEEDS

SECTION 9E.9.(a) Claims Run Out. – Funds from the Medicaid Transformation Fund may be transferred to the Department of Health and Human Services, Division of Health Benefits (DHB), for the 2023-2025 fiscal biennium, as needed, for the purpose of paying claims related to services billed under the fee-for-service payment model for recipients who are being, or have been, transitioned to managed care, otherwise known as "claims run out." Funds may be transferred to DHB as the need to pay claims run out arises and need not be transferred in one lump sum. To the extent that any funds are transferred under this subsection, the funds are appropriated for the purpose set forth in this subsection.

SECTION 9E.9.(b) Non-Claims Run Out Medicaid Transformation Needs. – Subject to the fulfillment of conditions specified in subsection (c) of this section, the sum of one hundred fifty million dollars ($150,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of one hundred twenty-five million dollars ($125,000,000) in nonrecurring funds for the 2024-2025 fiscal year from the Medicaid Transformation Fund may be transferred to DHB for the sole purpose of providing the State share for qualifying needs directly related to Medicaid transformation, as required by S.L. 2015-245, as amended. Funds may be transferred to DHB as qualifying needs arise during the 2023-2025 fiscal biennium and need not be transferred in one lump sum. Any amount of funds from the one hundred fifty million dollars ($150,000,000) made available under this subsection for transfer to DHB in the 2023-2024 fiscal year that has not been transferred to DHB for qualifying needs as of June 30, 2024, shall continue to be available for transfer to DHB as qualifying needs arise during the 2024-2025 fiscal year.

For the purposes of this section, the term "qualifying need" shall be limited to the following Medicaid transformation needs and may include contracts and temporary staffing:

(1) Program design.
(2) Beneficiary and provider experience.
(3) Information technology upgrades, operations, and maintenance.
(4) Data management tools.
(5) Program integrity.
(6) Quality review.
(7) Actuarial rate setting functions.
(8) Technical and operational integration.
(9) BH IDD tailored plan health homes.
(10) Legal fees.
(11) Expenses related to the Enhanced Case Management and Other Services Pilot Program, commonly referred to as the "Healthy Opportunities Pilots."

SECTION 9E.9.(c) Requests for Transfer of Funds for Qualifying Need. – A request by DHB for the transfer of funds pursuant to subsection (b) of this section shall be made to OSBM and shall include the amount requested and the specific qualifying need for which the funds are to be used. None of the funds identified in subsection (b) of this section shall be transferred to DHB until OSBM verifies the following information:

(1) The amount requested is to be used for a qualifying need in the 2023-2025 fiscal biennium.
(2) The amount requested provides a State share that will not result in total requirements that exceed one billion dollars ($1,000,000,000) in nonrecurring funds for the 2023-2025 fiscal biennium.

SECTION 9E.9.(d) Federal Fund Receipts. – Any federal funds received in any fiscal year by DHB that represent a return of State share already expended on a qualifying need related to the funds received by DHB under this section shall be deposited into the Medicaid Transformation Fund.

SECTION 9E.9.(e) Reporting. – No later than January 15, 2024, and every six months thereafter until the final report due July 15, 2025, DHB shall report to the Joint Legislative Oversight Committee on Medicaid and the Fiscal Research Division on each expenditure that has been funded from the Medicaid Transformation fund in the preceding six months and whether that expenditure is expected to continue into the 2025-2027 fiscal biennium.

EXPAND NORTH CAROLINA INNOVATIONS WAIVER SLOTS

SECTION 9E.10. The Department of Health and Human Services, Division of Health Benefits, shall amend the North Carolina Innovations waiver to increase the number of slots available under the waiver by 250 slots. These additional slots shall be made available on July 1, 2023, or upon approval by the Centers for Medicare and Medicaid Services, whichever is later.

MEDICAID SKILLED NURSING FACILITY RATES

SECTION 9E.11. The Department of Health and Human Services, Division of Health Benefits, shall, at a minimum, continue the Medicaid rates for skilled nursing facilities that were in place as of March 15, 2023.

MEDICAID PERSONAL CARE SERVICES RATES

SECTION 9E.12. Beginning July 1, 2023, the Department of Health and Human Services, Division of Health Benefits, shall provide a rate of six dollars and twenty-five cents ($6.25) per 15-minute increment for personal care services provided to Medicaid beneficiaries through Medicaid Direct, Community Alternatives Program for Children (CAP/C) Services, Community Alternatives Program for Disabled Adults (CAP/DA), and Community Alternatives Program Choice (CAP/CO).

IMPLEMENT COMPREHENSIVE REIMBURSEMENT STRUCTURE FOR FEDERALLY QUALIFIED HEALTH CENTERS AND RURAL HEALTH CLINICS

SECTION 9E.13. No earlier than July 1, 2023, DHHS shall implement the new reimbursement approach detailed in the report submitted to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice titled "Proposed Comprehensive Reimbursement Structure for Federally Qualified Health Centers and Rural Health Clinics," dated March 8, 2023.

STANDARD BENEFIT PLANS/PERMANENT DME RATE REQUIREMENTS

SECTION 9E.14. Section 11 of S.L. 2020-88, as amended by Section 3.6(a) of S.L. 2021-62, reads as rewritten:

"**DURABLE MEDICAL EQUIPMENT RATE**

"**SECTION 11**. For the ~~first five years of the initial~~ standard benefit plan prepaid health plan capitated contracts required under Article 4 of Chapter 108D of the General Statutes, the reimbursement for durable medical equipment and supplies, orthotics, and prosthetics under managed care shall be set at one hundred percent (100%) of the lesser of the supplier's usual and customary rate or the maximum allowable Medicaid fee-for-service rates for durable medical equipment and supplies, orthotics, and prosthetics."

ESTABLISH MEDICAID DIRECTED PAYMENT PROGRAM TO INCREASE WAGES OF DIRECT CARE WORKERS/INNOVATIONS WAIVER

SECTION 9E.15.(a) It is the intent of the General Assembly to assist in increasing the hourly wages of direct care workers who provide services to Medicaid beneficiaries receiving services through the North Carolina Innovations waiver program, to be termed "Innovations direct care workers" for the purpose of this act, by an industry average rate of six dollars and fifty cents ($6.50) per hour above the North Carolina industry average hourly wage rate cited in the most recent report submitted to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice in accordance with Section 9D.15C of S.L. 2021-180.

To that end, the Department of Health and Human Services, Division of Health Benefits (DHB), shall provide a rate increase to providers who provide services to Medicaid beneficiaries receiving services through the North Carolina Innovations waiver program who are either (i) enrolled in the Medicaid program or (ii) approved financial managers or financial support agencies billing for waiver service hours provided by direct care workers that are hired by employers of record or managing employers under a self-directed option in accordance with Medicaid Clinical Coverage Policy 8-P: North Carolina Innovations.

SECTION 9E.15.(b) The wage increase described in subsection (a) of this section shall be effectuated through a directed payment in accordance with 42 C.F.R. § 438.6(c). All LME/MCOs shall be required to implement the wage increase. This shall continue to apply when the BH IDD tailored plans become fully operational and are implemented. DHB shall determine the amount of the directed payment under this section in consultation with relevant stakeholders. The definition of an Innovations direct care worker under this section includes all workers required for compliance with, or delivery of, the relevant Innovations waiver service definitions and the delivery of a unit of Innovations services to individuals in the definition of direct care worker to be applied and shall include only caregivers who are contracted for the provision of services in a legally appropriate manner. The directed payment under this section shall be effective on the effective date of the directed payment preprint approved by the Centers for Medicare and Medicaid Services.

SECTION 9E.15.(c) Prior to receiving any funding passed through the directed payment under this section, providers who employ Innovations direct care workers shall attest and provide verification to the relevant LME/MCO that at least eighty-five percent (85%) of the funding that results is being used to increase the rate of pay paid to its Innovations direct care

workers. DHB shall set the standards for documentation that shall be required for verification that the provider used the rate increase in the manner required by this section, and LME/MCOs shall use these same standards. DHB and LME/MCOs shall require verifiable methods of accounting, such as payroll-based journals. Providers receiving a rate increase under this section shall keep documentation of the use of that rate increase and make the documentation available upon request by DHB or by the relevant LME/MCO.

SECTION 9E.15.(d) In addition to other allowable reasons for recoupment of funds, DHB shall recoup part or all of the funds related to the directed payment or the associated rate increase received by a provider pursuant to this section if DHB determines that the provider did not use at least eighty-five percent (85%) of the resulting funding to increase the rate of pay paid to Innovations direct care worker employees.

ACCOUNT FOR DELAY OF BH IDD TAILORED PLANS

SECTION 9E.16.(a) Section 9D.7(a) of S.L. 2022-74 is repealed.

SECTION 9E.16.(b) The Division of Health Benefits, Department of Health and Human Services (DHHS), shall implement BH IDD tailored plans, as defined under G.S. 108D-1, no later than October 1, 2023. The initial term of the BH IDD tailored plan shall end October 1, 2027. If DHHS extends the standard benefit plan contracts, as authorized by Section 7(b) of S.L. 2020-88, then DHHS shall offer to extend the initial term of the BH IDD tailored plan contracts an equivalent amount of time.

EXPEDITED MEDICAID PREFERRED DRUG LIST REVIEW FOR DRUGS TREATING SERIOUS MENTAL ILLNESS

SECTION 9E.17.(a) G.S. 108A-54.2 reads as rewritten:

"**§ 108A-54.2. Procedures for changing ~~medical~~ clinical coverage policy.**

(a) The Department shall adopt rules to develop, amend, and adopt medical coverage policy for Medicaid in accordance with this section.

…

(e) The Department shall provide coverage of a new prescription medication approved by the Food and Drug Administration (FDA) that becomes available to the public if (i) the manufacturer of that medication is enrolled in the Medicaid Drug Rebate Program and (ii) the medication is approved for the treatment of any of the following conditions, as defined by the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders:

(1) Bipolar disorders, hypomanic, manic, depressive, and mixed.
(2) Childhood and adolescent depression.
(3) Major depressive disorders, single episode or recurrent.
(4) Obsessive-compulsive disorders.
(5) Paranoid personality disorder and other psychotic disorders.
(6) Schizo-affective disorders, bipolar or depressive.
(7) Schizophrenia.

If the new prescription medication approved for the treatment of any of the preceding conditions is not manufactured by a manufacturer enrolled in the Medicaid Drug Rebate Program, then, no later than the end of the next calendar quarter following the date the new prescription medication became available to the public, the Department shall, in consultation with the Physician's Advisory Group, review and submit a proposed policy to the Preferred Drug List (PDL) Review Panel regarding the inclusion of the new prescription medication as either a preferred or non-preferred drug on the Department's PDL."

SECTION 9E.17.(b) In accordance with the requirements set out in Section 10.33(c) of S.L. 2010-31, within 30 days of the receipt of a proposed policy under G.S. 108A-54.2(e), as enacted by subsection (a) of this section, the Preferred Drug List (PDL) Policy Review Panel shall hold an open meeting to review the recommended policy. After the conclusion of the open

meeting, the PDL Policy Review Panel shall submit policy recommendations about the proposed policy to the Department of Health and Human Services. The PDL Policy Review Panel shall meet no less than once a quarter.

SECTION 9E.17.(c) This section is effective when it becomes law.

RELATIVES PROVIDING CARE TO MINORS ON THE INNOVATIONS WAIVER

SECTION 9E.18.(a) The Department of Health and Human Services, Division of Health Benefits (DHB), shall seek approval from the Centers for Medicare and Medicaid Services (CMS) to amend NC Medicaid Clinical Coverage Policy 8-P "North Carolina Innovations" to allow Community Living and Support services to be provided by a relative of a Medicaid beneficiary residing in the same home as the beneficiary when that beneficiary is under the age of 18 and when no other provider is available to provide these services, similar to what is currently allowed for beneficiaries age 18 and older.

SECTION 9E.18.(b) DHB shall implement the changes outlined in subsection (a) of this section on the effective date approved by CMS.

FURTHER ADJUST IMPLEMENTATION DATE FOR REQUIRING LME/MCOS TO PAY FOR BEHAVIORAL HEALTH SERVICES PROVIDED TO BENEFICIARIES AWAITING HOSPITAL DISCHARGE

SECTION 9E.19.(a) Section 9D.22(f) of S.L. 2021-180, as amended by Section 9D.9 of S.L. 2022-74, reads as rewritten:

"**SECTION 9D.22.(f)** CMS Approval. – The Department of Health and Human Services, Division of Health Benefits, shall submit to the Centers for Medicare and Medicaid Services (CMS) any State Plan amendments necessary to establish the new Medicaid coverage required by this ~~section.~~ section with a proposed start date of March 1, 2023. The new Medicaid covered services and rates shall be implemented ~~December 31, 2022. If approval from CMS is not granted by December 31, 2022, then~~ as soon as operationally feasible after the approval by CMS. DHB shall retroactively implement services and rates ~~upon approval from CMS to December 31, 2022.~~ to the date approved by CMS. The new Medicaid covered services and rates shall only be implemented to the extent allowable by CMS."

SECTION 9E.19.(b) This section is effective retroactively to December 31, 2022.

PREPAID HEALTH PLANS PERFORMANCE METRICS

SECTION 9E.20. The Department of Health and Human Services, Division of Health Benefits (DHB), shall develop performance standards, including claims payment metrics requiring claims to be paid within a set number of days, applicable to prepaid health plans operating standard benefits plans in accordance with Chapter 108D of the General Statutes. Beginning December 1, 2023, and annually until the expiration of the initial prepaid health plan contract, DHB shall report to the Joint Legislative Oversight Committee on Medicaid and to the Fiscal Research Division on these performance standards as they apply to each individual prepaid health plan.

PART IX-F. HEALTH SERVICE REGULATION

EXTENSION OF TEMPORARY CERTIFICATE OF NEED EXEMPTION

SECTION 9F.1. Section 9E.4A(c) of S.L. 2021-180 reads as rewritten:

"**SECTION 9E.4A.(c)** This section is effective 30 days after this act becomes law, and expires ~~December 31, 2024.~~December 31, 2027."

PART IX-G. MENTAL HEALTH/DEVELOPMENTAL DISABILITIES/SUBSTANCE ABUSE SERVICES

SINGLE-STREAM FUNDING FOR DMH/DD/SAS COMMUNITY SERVICES

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

SECTION 9G.1.(b) During each year of the 2023-2025 fiscal biennium, DMH/DD/SAS shall ensure that LME/MCOs fund, in total, at least ninety percent (90%) of the level of single-stream services provided across the State during the 2014-2015 fiscal year. No LME/MCO shall reduce funding for (i) home and community-based services or (ii) services paid for with single-stream funding that support the 2012 settlement agreement entered into between the United States Department of Justice and the State of North Carolina to ensure that the State will willingly meet the requirements of the Americans with Disabilities Act of 1990, section 504 of the Rehabilitation Act of 1973, and the United States Supreme Court decision in Olmstead v. L.C., 527 U.S. 581 (1999). This subsection shall not be construed to require an LME/MCO to authorize or maintain the same level of services for any specific individual whose services were paid for with single-stream funding. This subsection 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 of the General Statutes or Chapter 108D of the General Statutes.

LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS

SECTION 9G.2.(a) Use of Funds. – Funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall continue to be used for the purchase of local inpatient psychiatric beds or bed days. The Department of Health and Human Services (DHHS) shall continue to implement a two-tiered system of payment for purchasing these local inpatient psychiatric beds or bed days based on acuity level with an enhanced rate of payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels, as defined by DHHS. The enhanced rate of payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels shall not exceed the lowest average cost per patient bed day among the State psychiatric hospitals. In addition, at the discretion of the Secretary of Health and Human Services, existing funds allocated to LME/MCOs for community-based mental health, developmental disabilities, and substance abuse services may be used to purchase additional local inpatient psychiatric beds or bed days.

SECTION 9G.2.(b) Distribution and Management of Beds or Bed Days. – DHHS shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance with this section are utilized solely for individuals who are medically indigent, except that DHHS may use up to ten percent (10%) of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the purchase of local inpatient psychiatric beds or bed days to pay for facility-based crisis services and nonhospital detoxification services for individuals in need of these services, regardless of whether the individuals are medically indigent. For the purposes of this subsection, "medically indigent" shall mean uninsured persons who (i) are financially unable

to obtain private insurance coverage, as determined by DHHS and (ii) are not eligible for government-funded health coverage such as Medicare or Medicaid.

In addition, DHHS shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance with this section are distributed across the State and according to need, as determined by DHHS. DHHS shall ensure that beds or bed days for individuals with higher acuity levels are distributed across the State and according to greatest need based on hospital bed utilization data. DHHS shall enter into contracts with LME/MCOs and local hospitals for the management of these beds or bed days. DHHS shall work to ensure that these contracts are awarded equitably around all regions of the State. LME/MCOs shall manage and control these local inpatient psychiatric beds or bed days, including the determination of the specific local hospital or State psychiatric hospital to which an individual should be admitted pursuant to an involuntary commitment order.

SECTION 9G.2.(c) Funds to be Held in Statewide Reserve. – Funds appropriated in this act to DHHS for the purchase of local inpatient psychiatric beds or bed days shall not be allocated to LME/MCOs but shall be held in a statewide reserve at the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to pay for services authorized by the LME/MCOs and billed by the hospitals through the LME/MCOs. LME/MCOs shall remit claims for payment to DHHS within 15 working days after receipt of a clean claim from the hospital and shall pay the hospital within 30 working days after receipt of payment from DHHS.

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

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

SECTION 9G.2.(f) Reporting by DHHS. – By no later than December 1, 2024, and by no later than December 1, 2025, DHHS shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on all of the following:

(1) A uniform system for beds or bed days purchased during the preceding fiscal year from (i) existing State appropriations and (ii) local funds.

(2) An explanation of the process used by DHHS to ensure that, except as otherwise provided in subsection (a) of this section, local inpatient psychiatric beds or bed days purchased in accordance with this section are utilized solely for individuals who are medically indigent, along with the number of medically indigent individuals served by the purchase of these beds or bed days.

(3) The amount of funds used to pay for facility-based crisis services, along with the number of individuals who received these services and the outcomes for each individual.

(4) The amount of funds used to pay for nonhospital detoxification services, along with the number of individuals who received these services and the outcomes for each individual.

(5) Other DHHS initiatives funded by State appropriations to reduce State psychiatric hospital use.

FUNDS FOR HYPERBARIC OXYGEN THERAPY FOR VETERANS PROGRAM

SECTION 9G.3. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, one million dollars ($1,000,000) in nonrecurring funds for the 2023-2024 fiscal year shall be allocated to the Community Foundation of NC East, Inc., a nonprofit in Pitt County, to be used to support its HBOT for Veterans Program.

OPIOID ANTAGONISTS FOR LOCAL GOVERNMENTS GRANT PROGRAM

SECTION 9G.4.(a) Notwithstanding the use of the Mental Health and Substance Use Task Force Reserve Fund (Fund) under Section 12F.3(b) of S.L. 2016-94, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS), shall use the sum of three million dollars ($3,000,000) in recurring funds for the 2023-2024 fiscal year and the sum of seven million dollars ($7,000,000) in recurring funds for the 2024-2025 fiscal year from the Fund to provide funding to local governments for the purchase of opioid antagonists. DMH/DD/SAS shall administer a grant program that allows units of local government to apply for funds to be used for the purchase of any opioid antagonist approved by the federal Food and Drug Administration. For the 2023-2025 fiscal biennium, funds shall first be made available to those units of local government that do not have an opioid antagonist program already established as of March 1, 2023.

SECTION 9G.4.(b) Notwithstanding the use of the Fund under Section 12F.3(b) of S.L. 2016-94, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS), shall allocate the sum of four million dollars ($4,000,000) in nonrecurring funds for the 2023-2024 fiscal year from the Fund to be distributed to NC Harm Reduction Coalition to be used to support their current programs and to provide opioid antagonists for use by emergency medical services and reentry programs.

START-UP FUNDS FOR WILKES RECOVERY REVOLUTION, INC.

SECTION 9G.5. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, two million seven hundred twenty thousand dollars ($2,720,000) in nonrecurring funds for the 2023-2024 fiscal year shall be allocated to Wilkes Recovery Revolution, Inc., a nonprofit corporation, to be used to build or purchase a new building, or to remodel or renovate a building, for the provision of services for individuals with substance use disorder. These nonrecurring funds may also be used for one-time start-up costs associated with the programs that will be run out of the building. Notwithstanding the State Medical Facilities Plan, Article 9 of Chapter 131E of the General Statutes, or any other provision of law to the contrary, Wilkes Recovery Revolution, Inc., shall be exempt from certificate of need review for the construction, remodel, or renovation of any behavioral health-related facilities or beds for which funds are allocated in this section, provided those facilities and beds shall be subject to existing licensure laws and requirements.

WORKFORCE DEVELOPMENT FUNDS FOR ADULTS WITH IDD

SECTION 9G.6. Of the funds appropriated in this act from the ARPA Temporary Savings Fund to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, seven hundred fifty thousand dollars ($750,000) in nonrecurring funds for the 2023-2024 fiscal year shall be allocated to UMAR Services, Inc., a nonprofit corporation, to provide services for adults with intellectual and developmental disabilities (IDD). At least three hundred seventy-five thousand dollars ($375,000) of those funds shall be utilized by UMAR Services, Inc., to provide workforce development opportunities and vocational services for adults with IDD.

FUNDS FOR NEW ADOLESCENT BEHAVIORAL HEALTHCARE FACILITY

SECTION 9G.7. Of the funds appropriated in this act from the ARPA Temporary Savings Fund to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, fifteen million dollars ($15,000,000) in nonrecurring funds for the 2023-2024 fiscal year shall be allocated to the Katie Blessing Foundation, a nonprofit corporation, to be used to build a new facility for the provision of adolescent behavioral healthcare. Notwithstanding the State Medical Facilities Plan, Article 9 of Chapter 131E of the General Statutes, or any other provision of law to the contrary, the Katie Blessing Foundation shall be exempt from certificate of need review for the construction of any behavioral health-related facilities or beds for which funds are allocated in this section, provided those facilities and beds shall be subject to existing licensure laws and requirements.

USE OF OPIOID SETTLEMENT FUNDS

SECTION 9G.8.(a) The following definitions apply in this section:

(1) Department. – The Department of Health and Human Services.

(2) Opioid Abatement Fund. – The Fund created by Section 9F.1 of S.L. 2021-180, as amended by Section 9F.1 of S.L. 2022-74.

(3) Opioid Abatement Reserve. – The Reserve created by Section 9F.1 of S.L. 2021-180, as amended by Section 9F.1 of S.L. 2022-74.

SECTION 9G.8.(b) The State Controller shall transfer from the Opioid Abatement Reserve to the Opioid Abatement Fund the sum of nine million one hundred ninety-two thousand four hundred sixty-one dollars ($9,192,461) in nonrecurring funds for the 2023-2024 fiscal year and the sum of nine million nine hundred seventy-eight thousand four hundred sixty-two dollars ($9,978,462) in nonrecurring funds for the 2024-2025 fiscal year. These funds are appropriated to the Department of Health and Human Services to be used and allocated as follows:

(1) The Department shall transfer the sum of three hundred thousand dollars ($300,000) in nonrecurring funds for the 2023-2024 fiscal year to the North Carolina Administrative Office of the Courts to fund the study on judicially managed accountability and recovery courts authorized by Section 16.13 of this act.

(2) The Department shall use the remainder of the funds appropriated by this section to competitively award grants, based on a process prescribed by the Department, to nonprofit organizations that have the capacity to respond to the negative impacts of the opioid epidemic within the State of North Carolina, in one or more of the ways delineated in Section 9F.1(b) of S.L. 2021-180, as amended by Section 9F.1 of S.L. 2022-74.

REPORT ON IMPLEMENTATION STATUS OF NEW ELECTRONIC HEALTH RECORDS SYSTEM AT STATE PSYCHIATRIC HOSPITALS

SECTION 9G.9. By December 1, 2023, and by December 1, 2024, the Department of Health and Human Services, Division of State-Operated Healthcare Facilities, shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services on the status of the following:

(1) Execution of a contract that provides for full implementation of a new electronic health records system within each of the State psychiatric hospitals under the jurisdiction of the Secretary of Health and Human Services pursuant to G.S. 122C-181.

(2) Full implementation of a new electronic health records system within each of the State psychiatric hospitals under the jurisdiction of the Secretary of Health and Human Services pursuant to G.S. 122C-181.

(3) Training of the State's psychiatric hospitals' staff on the use of the newly implemented electronic health records system.

PART IX-H. PUBLIC HEALTH

LOCAL HEALTH DEPARTMENTS/COMPETITIVE GRANT PROCESS TO IMPROVE MATERNAL AND CHILD HEALTH

SECTION 9H.1.(a) Funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, for each year of the 2023-2025 fiscal biennium to award competitive grants to local health departments for the improvement of maternal and child health shall be used to continue administering a competitive grant process for local health departments based on maternal and infant health indicators and the county's detailed proposal to invest in evidence-based programs to achieve the following goals:

(1) Improve North Carolina's birth outcomes.

(2) Improve the overall health status of children in this State from birth to age 5.

(3) Lower the State's infant mortality rate.

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

(1) A request for application (RFA) process to allow local health departments to apply for and receive State funds on a competitive basis. The Department shall require local health departments to include in the application a plan to evaluate the effectiveness, including measurable impact or outcomes, of the activities, services, and programs for which the funds are being requested.

(2) A requirement that the Secretary prioritize grant awards to those local health departments that are able to leverage non-State funds in addition to the grant award.

(3) Ensures that funds received by the Department to implement the plan supplement and do not supplant existing funds for maternal and child health initiatives.

(4) Allows grants to be awarded to local health departments for up to two years.

SECTION 9H.1.(c) No later than July 1 of each year, as applicable, the Secretary shall announce the recipients of the competitive grant awards and allocate funds to the grant recipients for the respective grant period pursuant to the amounts designated under subsection (a) of this section. After awards have been granted, the Secretary shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services on the grant awards that includes at least all of the following:

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

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

(3) The number of persons served by each grantee, broken down by program or initiative.

SECTION 9H.1.(d) No later than February 1 of each fiscal year, each local health department receiving funding pursuant to this section in the respective fiscal year shall submit to the Division of Public Health a written report of all activities funded by State appropriations. The report shall include the following information about the fiscal year preceding the year in which the report is due:

(1) A description of the types of programs, services, and activities funded by State appropriations.

(2) Statistical and demographical information on the number of persons served by these programs, services, and activities, including the counties in which services are provided.

(3) Outcome measures that demonstrate the impact and effectiveness of the programs, services, and activities based on the evaluation protocols developed by the Division, in collaboration with the University of North Carolina Gillings School of Global Public Health, pursuant to Section 12E.11(e) of S.L. 2015-241, and reported to the Joint Legislative Oversight Committee on Health and Human Services on April 1, 2016.

(4) A detailed program budget and list of expenditures, including all positions funded, matching expenditures, and funding sources.

REPORT ON PREMIUM ASSISTANCE PROGRAM WITHIN AIDS DRUG ASSISTANCE PROGRAM

SECTION 9H.2. Upon a determination by the Department of Health and Human Services, Division of Public Health, that, in six months or less, it will no longer be feasible to operate the health insurance premium assistance program implemented within the North Carolina AIDS Drug Assistance Program (ADAP) on a cost-neutral basis or in a manner that achieves savings to the State, the Department shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services notifying the Committee of this determination along with supporting documentation and a proposed course of action with respect to health insurance premium assistance program participants.

LIMITATION ON USE OF STATE FUNDS

SECTION 9H.3. G.S. 143C-6-5.5 reads as rewritten:

"**§ 143C-6-5.5. Limitation on use of State funds for abortions.**

(a) No State funds may be used for the performance of abortions or to support the administration of any governmental health plan or government-offered insurance policy offering abortion, except that this prohibition shall not apply where (i) the life of the mother would be endangered if the unborn child were carried to term or (ii) the pregnancy is the result of a rape or incest. Nothing in this section shall be construed to limit medical care provided after a spontaneous miscarriage.

(b) No State funds may be used by a State agency to renew or extend existing contracts or enter into new contracts for the provision of family planning services, pregnancy prevention activities, or adolescent parenting programs with any provider that performs abortions. Nothing in this subsection shall be construed to prevent a State agency from paying any healthcare provider for services authorized under the State Health Plan for Teachers and State Employees or the Medicaid program."

USE OF JUUL SETTLEMENT FUNDS

SECTION 9H.4.(a) There is appropriated from the Youth Electronic Nicotine Dependence Abatement Fund created in Section 9G.10(a) of S.L. 2021-180 to the Department of Health and Human Services, Division of Public Health, the sum of eleven million two hundred fifty thousand dollars ($11,250,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of eleven million two hundred fifty thousand dollars ($11,250,000) in nonrecurring funds for the 2024-2025 fiscal year to be used and allocated as follows:

(1) Five million five hundred thousand dollars ($5,500,000) in nonrecurring funds for each year of the 2023-2025 fiscal biennium shall be allocated for electronic cigarette and nicotine dependence prevention and cessation activities targeting students in grades four through eight.

(2) Two hundred fifty thousand dollars ($250,000) in nonrecurring funds for each year of the 2023-2025 fiscal biennium shall be allocated to conduct lung cancer screenings and surveillance on adults who were exposed to electronic cigarettes as youth to support research on health outcomes related to the use

of electronic cigarettes by individuals who are under the legal age to purchase these products in North Carolina.

(3) Five million five hundred thousand dollars ($5,500,000) in nonrecurring funds for each year of the 2023-2025 fiscal biennium shall be allocated to continue the tobacco and nicotine dependence and prevention activities targeting youth and young adults that were authorized in Section 9G.10 of S.L. 2021-180, as amended by Section 9G.3 of S.L. 2022-74. The Department of Health and Human Services, Division of Public Health, may exercise discretion in how to allocate these funds among the purposes set forth in Section 9G.10 of S.L. 2021-180, as amended by Section 9G.3 of S.L. 2022-74; provided, however, that all such allocated funds shall be used to target youth and young adults.

SECTION 9H.4.(b) Funds allocated under subsection (a) of this section shall remain available for expenditure in the amounts and for the purposes specified in each subdivision of subsection (a) of this section until expended.

SECTION 9H.4.(c) Annually on September 1, the Department of Health and Human Services shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the expenditures made from the Youth Electronic Nicotine Dependence Abatement Fund during the preceding fiscal year. The report shall identify each expenditure and shall indicate the authority under this section for the expenditure.

SECTION 9H.4.(d) Notwithstanding the Committee Report described in Section 43.2 of this act or any other provision of law to the contrary, funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, in Fund Code 2600, for (i) Electronic Cigarette Prevention and Cessation Programs Targeted at Children in Grades 4 through 8 are decreased by the sum of one million five hundred thousand dollars ($1,500,000) in nonrecurring funds for each year of the 2023-2025 fiscal biennium; and (ii) Activities to Mitigate Electronic Cigarette Use by Youth are increased by the sum of one million five hundred thousand dollars ($1,500,000) in nonrecurring funds for each year of the 2023-2025 fiscal biennium.

FUNDS FOR LOCAL COMMUNICABLE DISEASE PROGRAMS

SECTION 9H.5.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, the sum of fourteen million seven hundred twenty-one thousand six dollars ($14,721,006) in recurring funds for the 2023-2024 fiscal year and the sum of fourteen million seven hundred twenty-one thousand six dollars ($14,721,006) in recurring funds for the 2024-2025 fiscal year shall be allocated to local health departments to be used as follows:

(1) To continue to address the ongoing challenges of the COVID-19 public health emergency and other communicable disease challenges.

(2) To better prepare the State for emerging and re-emerging public health threats.

(3) To retain and hire additional communicable disease staff, including public health nurses and other public health professionals, who are vital not only to maintaining North Carolina's communicable disease response but also to ensuring that the essential public health services described in G.S. 130A-1.1 are available and accessible to the population served by the local health department.

SECTION 9H.5.(b) In the distribution of these funds to local health departments, for each year of the 2023-2025 fiscal biennium, the Division of Public Health shall do all of the following:

(1) Divide seven million three hundred sixty thousand five hundred three dollars ($7,360,503) equally among the local health departments.

(2) Distribute the remaining seven million three hundred sixty thousand five hundred three dollars ($7,360,503) to local health departments based upon the

percentage of the State population served by each of the local health departments.

(3) Begin distributing the funds allocated under this section no later than (i) 60 days after the date the Office of State Budget and Management and the Office of the State Controller establish the certified budget for the Department of Health and Human Services for the 2023-2024 fiscal year and (ii) 60 days after the date the Office of State Budget and Management and the Office of the State Controller establish the certified budget for the Department of Health and Human Services for the 2024-2025 fiscal year.

SECTION 9H.5.(c) By October 1, 2024, and annually thereafter, the Department of Health and Human Services, Division of Public Health, shall report to the Joint Legislative Oversight Committee on Health and Human Services on the funding appropriated by this section. The report shall include all of the following:

(1) The amount of funding that each county received pursuant to this section for surveillance, detection, control, and prevention of communicable diseases.

(2) An explanation if the sum of the funding received in the previous fiscal year by all counties under this section is not equivalent to the total funds appropriated each year.

(3) Information on how the local health departments plan to use and subsequently did use these funds to address surveillance, detection, control, and prevention of communicable diseases.

(4) Consistent with the supplement and not supplant intent of this section, the report shall delineate funds other than those distributed in accordance with this section that were received by each county to address surveillance, detection, control, and prevention of communicable diseases.

(5) Additional information as may be requested by the Joint Legislative Oversight Committee on Health and Human Services.

INFECTION PREVENTION PILOT PROGRAM

SECTION 9H.6.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health (DPH), the sum of two million dollars ($2,000,000) in nonrecurring funds for the 2023-2024 fiscal year to establish and oversee a two-year healthcare-associated infection prevention pilot program. The purpose of the pilot program is to evaluate the effectiveness of a solution to (i) increase hand hygiene compliance among healthcare workers before and after patient contact and (ii) reduce the number of healthcare-associated infections, with the intent to establish best practices that can be modeled statewide. The DPH shall select at least two general acute hospitals licensed to operate more than 200 beds as pilot program sites. Each pilot program site shall include the following components:

(1) Hand hygiene dispensers in patient rooms that are installed with communication devices to track usage and detect when the dispensers need service.

(2) In-hand hygiene dispensers for patient-facing healthcare workers.

(3) The use of real-time data analytics and dashboards to monitor hand hygiene compliance among healthcare workers.

(4) Compliance training and education on hand hygiene for healthcare workers at each pilot program site.

SECTION 9H.6.(b) Funds allocated under this section shall not revert at the end of the 2023-2024 fiscal year but shall remain available until expended or until the pilot program concludes, whichever is earlier.

SECTION 9H.6.(c) By December 31, 2023, and every six months thereafter until June 30, 2025, the DPH shall submit a progress report on the status and operation of the pilot

program authorized by this section to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. By December 31, 2025, the Division shall submit a final report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division that includes recommendations on best practices for (i) hand hygiene among healthcare workers and (ii) reducing the number of healthcare-associated infections.

FUNDS FOR THE OFFICE OF THE CHIEF MEDICAL EXAMINER TO CONDUCT TOXICOLOGY SCREENING IN ALL CHILD DEATH CASES

SECTION 9H.7.(a) G.S. 130A-385 is amended by adding a new subsection to read:

"(a1) The Office of the Chief Medical Examiner shall conduct comprehensive toxicology screening in all child death cases that fall under the jurisdiction of the medical examiner pursuant to G.S. 130A-383 or G.S. 130A-384."

SECTION 9H.7.(b) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, Office of the Chief Medical Examiner, the following sums shall be allocated and used as follows to fulfill the toxicology screening requirements of G.S. 130A-385(a1), as enacted by this act:

(1) The sum of ninety-three thousand five hundred thirteen dollars ($93,513) in recurring funds for each year of the 2023-2025 fiscal biennium shall be used to establish within the Office of the Chief Medical Examiner a full-time Chemist I position dedicated to conducting comprehensive toxicology screening in child death cases.

(2) The sum of sixty-five thousand six hundred eighty-three dollars ($65,683) in recurring funds for each year of the 2023-2025 fiscal biennium shall be used to establish within the Office of the Chief Medical Examiner a full-time Chemistry Technician I position dedicated to conducting comprehensive toxicology screening in child death cases.

(3) The sum of five thousand five hundred dollars ($5,500) in recurring funds for each year of the 2023-2025 fiscal biennium shall be used to purchase supplies to conduct comprehensive toxicology screening.

(4) The sum of five hundred fifty thousand dollars ($550,000) in nonrecurring funds for the 2023-2024 fiscal year shall be used to cover the cost of equipment, training, and any other necessary start-up costs for conducting comprehensive toxicology screening in all child death cases.

SECTION 9H.7.(c) Subsection (a) of this section becomes effective October 1, 2023, and applies to child death cases pending or initiated on or after that date. The remainder of this section becomes effective on July 1, 2023.

REQUIREMENT FOR AUTOPSIES OR OTHER REPORTS IN SUSPECTED DEATH BY DISTRIBUTION CASES

SECTION 9H.8.(a) G.S. 130A-389 reads as rewritten:

"**§ 130A-389. Autopsies.**

(a) ~~If,~~ The Chief Medical Examiner or a competent pathologist designated by the Chief Medical Examiner shall perform an autopsy or other study in each of the following cases:

(1) If, in the opinion of the medical examiner investigating the case or of the Chief Medical Examiner, it is advisable and in the public interest that an autopsy or other study be ~~made; or, if~~ made.

(2) If an autopsy or other study is requested by the district attorney of the county or by any superior court ~~judge, an autopsy or other study shall be made by the Chief Medical Examiner or by a competent pathologist designated by the Chief Medical Examiner.~~judge.

(3) In any case in which the district attorney of the county or the investigating law enforcement agency asserts to the Chief Medical Examiner or the medical examiner of the county in which the body was located that there is probable cause to believe that a violation of G.S. 14-18.4 has occurred.

A complete autopsy report of findings and interpretations, prepared on forms designated for the purpose, shall be submitted promptly to the Chief Medical Examiner. Subject to the limitations of G.S. 130A-389.1 relating to photographs and video or audio recordings of an autopsy, a copy of the report shall be furnished to any person upon request.

(a1) The fee for ~~the~~ an autopsy or other study performed pursuant to subsection (a) of this section shall be two thousand eight hundred dollars ($2,800) to be paid as follows:

(1) Except as provided in subdivision (2) of this subsection, the county in which the deceased resided shall pay a fee of one thousand seven hundred fifty dollars ($1,750) and the State shall pay the remaining balance of one thousand fifty dollars ($1,050).

(2) If the death or fatal injury occurred outside the county in which the deceased resided, the State shall pay the entire fee in the amount of two thousand eight hundred dollars ($2,800).

…."

SECTION 9H.8.(b) G.S. 130A-389(a), as amended by this section, becomes effective December 1, 2023, and applies to autopsies conducted on or after that date. The remainder of this section becomes effective July 1, 2023.

INCREASE IN AUTOPSY FEES

SECTION 9H.9.(a) Effective January 1, 2025, G.S. 130A-389(a1), as amended by Section 9H.8 of this act, reads as rewritten:

"(a1) The fee for an autopsy or other study performed pursuant to subsection (a) of this section shall be ~~two~~ five thousand eight hundred dollars ~~($2,800)~~ ($5,800) to be paid as follows:

(1) Except as provided in subdivision (2) of this subsection, the county in which the deceased resided shall pay a fee of one thousand seven hundred fifty dollars ($1,750) and the State shall pay the remaining balance of ~~one~~ four thousand fifty dollars ~~($1,050).~~($4,050).

(2) If the death or fatal injury occurred outside the county in which the deceased resided, the State shall pay the entire fee in the amount of ~~two~~ five thousand eight hundred dollars ~~($2,800).~~($5,800)."

SECTION 9H.9.(b) By October 1, 2025, and biennially thereafter, the Department of Health and Human Services, Division of Public Health, shall analyze the autopsy fee established by subsection (a1) of G.S. 130A-389, as amended by this act, and report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the following:

(1) The results of the analysis and any recommended changes to the fee or how the fee is apportioned between the State and counties.

(2) For the preceding biennium, the number of autopsies performed by each autopsy center within the North Carolina medical examiner system and the total amount of fees paid to each autopsy center.

SOUTH PIEDMONT REGIONAL AUTOPSY CENTER FUNDS

SECTION 9H.10.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, Office of the Chief Medical Examiner (OCME), the sum of two million dollars ($2,000,000) in recurring funds for the 2023-2024 fiscal year and the sum of two million dollars ($2,000,000) in recurring funds for the 2024-2025 fiscal

year shall be allocated to Union County for operational costs and equipment associated with the establishment of a county-operated regional autopsy center serving the following areas:

(1) Anson County
(2) Cabarrus County
(3) Montgomery County
(4) Richmond County
(5) Stanly County
(6) Union County

SECTION 9H.10.(b) Union County shall notify the Department of Health and Human Services, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division when the regional autopsy center funded by this section becomes operational. Upon receiving this notification, the OCME shall enter into a contract with Union County pursuant to which (i) the regional autopsy center funded by this section agrees to provide independent forensic pathology services in the counties specified by subsection (a) of this section and (ii) the OCME agrees to reimburse Union County for each autopsy performed by the regional autopsy center in an amount equivalent to the fee authorized by G.S. 130A-389(a1), as amended by this act.

SECTION 9H.10.(c) By December 1, 2023, and December 1, 2024, Union County shall submit a progress report to the Department of Health and Human Services, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division on the status and operation of the regional autopsy center funded by this section.

CAROLINA PREGNANCY CARE FELLOWSHIP

SECTION 9H.11.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, the sum of six million two hundred fifty thousand dollars ($6,250,000) in recurring funds for the 2023-2024 fiscal year and the sum of six million two hundred fifty thousand dollars ($6,250,000) in recurring funds for the 2024-2025 fiscal year shall be allocated to Carolina Pregnancy Care Fellowship (CPCF), a nonprofit corporation, to be used as follows:

(1) The sum of two million nine hundred thousand dollars ($2,900,000) in recurring funds for the 2023-2024 fiscal year and the sum of two million nine hundred thousand dollars ($2,900,000) in recurring funds for the 2024-2025 fiscal year shall be used to provide grants for services to pregnancy centers located in this State.
(2) The sum of one million dollars ($1,000,000) in recurring funds for the 2023-2024 fiscal year and the sum of one million dollars ($1,000,000) in recurring funds for the 2024-2025 fiscal year shall be used to provide the following grants to pregnancy centers located in this State:
    a. Grants to purchase durable medical equipment.
    b. Grants to pay for pregnancy care training and training on the use of durable medical equipment.
(3) The sum of two hundred fifty thousand dollars ($250,000) in recurring funds for the 2023-2024 fiscal year and the sum of two hundred fifty thousand dollars ($250,000) in recurring funds for the 2024-2025 fiscal year shall be used to provide grants to pregnancy centers located in this State to cover the cost of nonreligious, nonsectarian educational training and resources regarding pregnancy.
(4) The sum of two million one hundred thousand dollars ($2,100,000) in recurring funds for the 2023-2024 fiscal year and the sum of two million one hundred thousand dollars ($2,100,000) in recurring funds for the 2024-2025

fiscal year shall be allocated to fund operation of the CPCF Circle of Care Program.

SECTION 9H.11.(b) The CPCF shall establish an application process for the grants authorized by subdivisions (a)(1) through (a)(3) of this section, and any pregnancy center located in this State that applies for these grant funds through the established application process is eligible to receive these grant funds.

SECTION 9H.11.(c) The CPCF may not use more than ten percent (10%) of the total amount of funds allocated by this section for each year of the 2023-2025 fiscal biennium for administrative purposes.

SECTION 9H.11.(d) Funds allocated under this section shall be used for nonsectarian, nonreligious purposes only.

SECTION 9H.11.(e) By July 1, 2025, and July 1 of each odd-numbered year thereafter, the CPCF shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the use of funds allocated under this section. The report shall include at least the following:

(1) The identity and a brief description of each grantee and the amount of funding awarded to each grantee.
(2) The number of persons served by each grantee.
(3) The number of persons served by the Circle of Care Program.

STATEWIDE CONTINUUM OF CARE PROGRAM

SECTION 9H.12.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, the sum of five million dollars ($5,000,000) in recurring funds for the 2023-2024 fiscal year and the sum of five million dollars ($5,000,000) in recurring funds for the 2024-2025 fiscal year shall be allocated to the Human Coalition, a nonprofit organization, to fund operation of the Human Coalition's statewide Continuum of Care Program, as expanded pursuant to Section 9G.6 of S.L. 2021-180. These funds shall be used for nonreligious, nonsectarian purposes only.

SECTION 9H.12.(b) The Human Coalition may use up to ten percent (10%) of the funds allocated for the statewide Continuum of Care Program for each year of the 2023-2025 fiscal biennium for administrative purposes.

SECTION 9H.12.(c) By December 1, 2023, and every six months thereafter, the Human Coalition shall report to the Department of Health and Human Services on the status and operation of the statewide Continuum of Care Program authorized by Section 9G.6 of S.L. 2021-180. The report shall include at least all of the following:

(1) A detailed breakdown of expenditures for the program.
(2) The number of individuals served by the program, and, for the individuals served, the types of services provided to each.
(3) Any other information requested by the Department of Health and Human Services as necessary for evaluating the success of the program.

SECTION 9H.12.(d) By February 1 of each odd-numbered year, the Department of Health and Human Services shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the status and operation of the statewide Continuum of Care Program. The report shall include at least all of the information specified in subdivisions (c)(1) through (c)(3) of this section.

TIMELY AMENDMENT OF BIRTH AND DEATH CERTIFICATES

SECTION 9H.13.(a) G.S. 130A-118 is amended by adding a new subsection to read:

"(a1) The Office of Vital Records and each local register of deeds office must process each request for amendment of a certificate of birth or death within 10 business days after the office

receives the appropriate completed application, any required proof, and payment of any applicable fee for such amendment."

SECTION 9H.13.(b) By December 31, 2023, the Office of Vital Records and each local register of deeds office shall process all birth or death certificate amendment requests received on or before June 30, 2023. As used in this section, the term "birth or death certificate amendment requests" means completed applications for birth or death certificate amendments accompanied by any required proof and payment of any applicable fee.

SECTION 9H.13.(c) For the 2023-2025 fiscal biennium, the Office of Vital Records may not use available lapsed salary funds for any purposes other than the following:

(1) To hire temporary staff to process birth or death certificate amendment requests.

(2) To hire temporary staff to operate a help line to provide technical support on use of the North Carolina Database Application for Vital Events known as NC DAVE.

(3) To pay salary supplements or provide performance bonuses to Office of Vital Records staff responsible for processing birth or death certificate amendment requests.

SECTION 9H.13.(d) Subsection (a) of this section becomes effective July 31, 2023. The remainder of this section becomes effective July 1, 2023.

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

PART IX-J. SOCIAL SERVICES

TANF BENEFIT IMPLEMENTATION

SECTION 9J.1.(a) The General Assembly approves the plan titled "North Carolina Temporary Assistance for Needy Families State Plan FY 2022-2025," prepared by the Department of Health and Human Services and presented to the General Assembly. The North Carolina Temporary Assistance for Needy Families State Plan covers the period of October 1, 2022, through September 30, 2025. The Department shall submit the State Plan, as revised in accordance with subsection (b) of this section, to the United States Department of Health and Human Services.

SECTION 9J.1.(b) The counties approved as Electing Counties in the North Carolina Temporary Assistance for Needy Families State Plan FY 2022-2025, as approved by this section, are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

SECTION 9J.1.(c) Counties that submitted the letter of intent to remain as an Electing County or to be redesignated as an Electing County and the accompanying county plan for years 2022 through 2025, pursuant to G.S. 108A-27(e), shall operate under the Electing County budget requirements effective July 1, 2022. For programmatic purposes, all counties referred to in this subsection shall remain under their current county designation through September 30, 2025.

SECTION 9J.1.(d) For each year of the 2023-2025 fiscal biennium, Electing Counties shall be held harmless to their Work First Family Assistance allocations for the 2022-2023 fiscal year, provided that remaining funds allocated for Work First Family Assistance and Work First Diversion Assistance are sufficient for payments made by the Department on behalf of Standard Counties pursuant to G.S. 108A-27.11(b).

SECTION 9J.1.(e) In the event that departmental projections of Work First Family Assistance and Work First Diversion Assistance for the 2023-2024 fiscal year or the 2024-2025 fiscal year indicate that remaining funds are insufficient for Work First Family Assistance and Work First Diversion Assistance payments to be made on behalf of Standard Counties, the Department is authorized to deallocate funds, of those allocated to Electing Counties for Work

First Family Assistance in excess of the sums set forth in G.S. 108A-27.11, up to the requisite amount for payments in Standard Counties. Prior to deallocation, the Department shall obtain approval by the Office of State Budget and Management. If the Department adjusts the allocation set forth in subsection (d) of this section, then a report shall be made to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division.

INTENSIVE FAMILY PRESERVATION SERVICES FUNDING, PERFORMANCE ENHANCEMENTS, AND REPORT

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

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

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

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

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

CHILD CARING INSTITUTIONS

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

USE FOSTER CARE BUDGET FOR GUARDIANSHIP ASSISTANCE PROGRAM

SECTION 9J.4. Of the funds available for the provision of foster care services, the Department of Health and Human Services, Division of Social Services, may continue to provide for the financial support of children who are deemed to be (i) in a permanent family placement

setting, (ii) eligible for legal guardianship, and (iii) otherwise unlikely to receive permanency. No additional expenses shall be incurred beyond the funds budgeted for foster care for the Guardianship Assistance Program (GAP). The Guardianship Assistance Program shall include provisions for extending guardianship services for individuals and youth who exited foster care through the Guardianship Assistance Program after 14 years of age or who have attained the age of 18 years and opt to continue to receive guardianship services until reaching 21 years of age if the individual is (i) completing secondary education or a program leading to an equivalent credential, (ii) enrolled in an institution that provides postsecondary or vocational education, (iii) participating in a program or activity designed to promote, or remove barriers to, employment, (iv) employed for at least 80 hours per month, or (v) incapable of completing the educational or employment requirements of this section due to a medical condition or disability. The Guardianship Assistance Program rates shall reimburse the legal guardian for room and board and be set at the same rate as the foster care room and board rates in accordance with rates established under G.S. 108A-49.1.

CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM (NC REACH)

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

SECTION 9J.5.(b) Of the funds appropriated in this act from the General Fund to the Department of Health and Human Services, the sum of fifty thousand dollars ($50,000) for each year of the 2023-2025 fiscal biennium shall be allocated to the North Carolina State Education Assistance Authority (SEAA). The SEAA shall use these funds only to perform administrative functions necessary to manage and distribute scholarship funds under the child welfare postsecondary support program.

SECTION 9J.5.(c) Of the funds appropriated in this act from the General Fund to the Department of Health and Human Services, the sum of three hundred thirty-nine thousand four hundred ninety-three dollars ($339,493) for each year of the 2023-2025 fiscal biennium shall be used to contract with an entity to administer the child welfare postsecondary support program described under subsection (a) of this section, which administration shall include the performance of case management services.

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

FEDERAL CHILD SUPPORT INCENTIVE PAYMENTS

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

(1) In consultation with representatives from county child support services programs, identify how federal incentive funding could improve centralized services.

(2) Use federal incentive funds to improve the effectiveness of the State's centralized child support services by supplementing and not supplanting State expenditures for those services.

(3) Continue to develop and implement rules that explain the State process for calculating and distributing federal incentive funding to county child support services programs.

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

(1) In consultation with representatives from county child support services programs, examine the current methodology for distributing federal incentive funding to the county programs and determine whether an alternative formula would be appropriate. NCCSS shall use its current formula for distributing federal incentive funding until an alternative formula is adopted.

(2) Upon adopting an alternative formula, develop a process to phase in the alternative formula for distributing federal incentive funding over a four-year period.

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

(1) Submit an annual plan describing how federal incentive funding would improve program effectiveness and efficiency as a condition of receiving federal incentive funding.

(2) Report annually on the following: (i) how federal incentive funding has improved program effectiveness and efficiency and been reinvested into their programs, (ii) provide documentation that the funds were spent according to their annual plans, and (iii) explain any deviations from their plans.

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

SUCCESSFUL TRANSITION/FOSTER CARE YOUTH

SECTION 9J.7. The Foster Care Transitional Living Initiative Fund shall continue to fund and support transitional living services that demonstrate positive outcomes for youth, attract significant private sector funding, and lead to the development of evidence-based programs to serve the at-risk population described in this section. The Fund shall continue to support a demonstration project with services provided by Youth Villages to (i) improve outcomes for youth ages 17-21 years who transition from foster care through implementation of outcome-based Transitional Living Services, (ii) identify cost-savings in social services and juvenile and adult correction services associated with the provision of Transitional Living Services to youth aging out of foster care, and (iii) take necessary steps to establish an evidence-based transitional living program available to all youth aging out of foster care. In continuing to implement these goals, the Foster Care Transitional Living Initiative Fund shall support the following strategies:

(1) Transitional Living Services, which is an outcome-based program that follows the Youth Villages Transitional Living Model. Outcomes on more than 7,000

participants have been tracked since the program's inception. The program has been evaluated through an independent randomized controlled trial. Results indicate that the Youth Villages Transitional Living Model had positive impacts in a variety of areas, including housing stability, earnings, economic hardship, mental health, and intimate partner violence in comparison to the control population.

(2) Public-Private Partnership, which is a commitment by private-sector funding partners to match at least twenty-five percent (25%) of the funds appropriated to the Foster Care Transitional Living Initiative Fund for the 2023-2025 fiscal biennium for the purposes of providing Transitional Living Services through the Youth Villages Transitional Living Model to youth aging out of foster care.

(3) Impact Measurement and Evaluation, which are services funded through private partners to provide independent measurement and evaluation of the impact the Youth Villages Transitional Living Model has on the youth served, the foster care system, and on other programs and services provided by the State which are utilized by former foster care youth.

(4) Advancement of Evidence-Based Process, which is the implementation and ongoing evaluation of the Youth Villages Transitional Living Model for the purposes of establishing the first evidence-based transitional living program in the nation. To establish the evidence-based program, additional randomized controlled trials may be conducted to advance the model.

PERMANENCY INNOVATION INITIATIVE/SUPPLEMENT FEDERAL FUNDS

SECTION 9J.8. Funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, for each year of the 2023-2025 fiscal biennium for the Permanency Innovation Initiative Fund shall be supplemented, not supplanted, by all available federal matching funds.

REPORT ON CERTAIN SNAP AND TANF EXPENDITURES

SECTION 9J.9.(a) Funds appropriated in this act to the Department of Health and Human Services, Division of Social Services (Division), for each year of the 2023-2025 fiscal biennium for a report on certain Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) expenditures shall be allocated for vendor costs to generate the data regarding expenditures of those programs. The vendor shall generate data to be submitted to the Division that includes, at a minimum, each of the following:

(1) The dollar amount and number of transactions accessed or expended out-of-state, by state, for both SNAP benefits and TANF benefits.

(2) The amount of benefits expended out-of-state, by state, from active cases for both SNAP and TANF.

(3) The dollar amount and number of transactions of benefits accessed or expended in this State, by types of retailers or institutions, for both SNAP and TANF.

SECTION 9J.9.(b) Upon receiving the expenditures data for SNAP and TANF from the vendor, the Division shall evaluate the data. After evaluating the expenditures data, the Division shall submit a report on its analysis of the data by June 30 and December 31 of each year to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. The Division shall post its report required by this subsection on its website and otherwise make the data available by June 30 and December 31 of each year. In the first report required by this section, the Division shall report how this data is used to investigate fraud

and abuse in both SNAP and TANF. The Division shall also report on other types of data and how that data is utilized in the detection of fraud and abuse.

SECTION 9J.9.(c) The Division shall maintain the confidentiality of information not public under Chapter 132 of the General Statutes. The Division shall properly redact any information subject to reporting under this section to prevent identification of individual recipients of SNAP or TANF benefits.

KINSHIP CARE/RULES REVIEW

SECTION 9J.10.(a) Process Authorized. – Notwithstanding any provision of law to the contrary and except as otherwise required by federal law, the Department of Health and Human Services, Division of Social Services (Division), shall implement a process that allows an individual who is not a licensed foster care parent and is providing kinship care to a child in foster care to receive, for up to 12 months, assistance payments based on the rates set forth in subsection (d) of this section. In implementing the process, the Division shall ensure training is available for the individual providing kinship care and encourage the individual to seek licensure as a foster care parent. For purposes of this section, "kinship care" encompasses a variety of situations in which a child whose parents are unable to care for the child is raised by other family members, relative caregivers, or close "non-relative kin," as referenced in the Information Memorandum prepared by the federal Administration for Children and Families dated December 29, 2020. Non-relative kin shall have the same meaning as in G.S. 7B-101(15a).

SECTION 9J.10.(b) Training. – The Division of Social Services shall ensure training in accordance with this section is available no later than January 1, 2024. The Division shall consult with county child welfare agencies and licensed child placing agencies in selecting the training curriculum for individuals seeking foster care licensure and shall ensure training is available to counties and child placing agencies regarding the process established by this section. The Division shall train county staff on the various funding sources available to pay for foster and kinship care maintenance payments. The training shall be produced in a format that allows access both virtually and on-demand to all counties at no cost.

Training shall be made available to the individual providing kinship care within the first 90 days from the date the child is placed with the individual. The curriculum shall include training that, at a minimum, is:

(1) Related to safety, rules, laws, and agency structure.

(2) Designed to address family trauma that includes managing the unique challenges of kinship care, such as hope and denial, loss, and ambivalence.

(3) Implemented in accordance with the family's needs for maximum flexibility, including the ability to train virtually and on-demand as fidelity models allow.

(4) Directed to consider the specific training needs of the family as it relates to the family's relations to the child and the family's trauma experience.

SECTION 9J.10.(c) Appropriation. – Effective January 1, 2024, of the funds appropriated in this act to the Department of Health and Human Services, Division of Social Services (Division), the sum of five million one hundred thousand dollars ($5,100,000) in recurring funds for the 2023-2024 fiscal year and the sum of ten million two hundred thousand dollars ($10,200,000) in recurring funds for the 2024-2025 fiscal year shall be used to implement the kinship care reimbursement rates set forth in subsection (d) of this section and the one-time mitigation payments and normalcy payments in subsections (e) and (f) of this section, respectively. From funds provided under this section, the Division may use the sum of up to two hundred thousand dollars ($200,000) in recurring funds for the 2023-2024 fiscal year and the sum of up to four hundred thousand dollars ($400,000) in recurring funds for the 2024-2025 fiscal year for administration of the kinship care program.

SECTION 9J.10.(d) Rates. – The maximum rates for State participation in reimbursement for kinship foster care pursuant to this section are established on a graduated scale as follows:

(1) $257.00 per child per month for children from birth through 5 years of age.
(2) $327.00 per child per month for children 6 through 12 years of age.
(3) $349.00 per child per month for children at least 13 but less than 18 years of age.

SECTION 9J.10.(e) One-Time Mitigation Payments. – The Division of Social Services may grant a one-time payment not to exceed three thousand dollars ($3,000) to mitigate a documented safety barrier that prevents a foster care license from being issued. The one-time payment must resolve the safety barrier and result in the successful issuance of the foster care license and placement of the relative child. The Division may provide a waiver to counties to exceed the three thousand dollar ($3,000) maximum payment amount under policies adopted and approved by a committee comprised of county child welfare agency staff and Division staff. Payments made and waivers granted under this subsection shall be considered on a case-by-case basis and align directly with the safety and permanency goals of the child.

SECTION 9J.10.(f) Normalcy Payments. – A portion of the funds provided under this section may also be used by counties to ensure normalcy for children in kinship care. Normalcy payments shall not exceed five hundred dollars ($500.00) annually per child and shall align with the safety and permanency goals for the child. The Division of Social Services shall form a workgroup comprised of county child welfare directors to adopt a fair and reasonable quarterly allocation process for distributing these funds to counties. For purposes of this subsection, "normalcy payments" are payments that allow a child to participate in normal childhood activities as described in G.S. 131D-10.2A(e).

SECTION 9J.10.(g) Extensions. – The Division of Social Services may grant an individual providing kinship care in accordance with this section up to two three-month extensions to continue receiving kinship care assistance payments under this section if (i) a foster care license has not been granted at the end of the 12-month period and (ii) it is determined that the individual has made progress toward obtaining the foster care license.

SECTION 9J.10.(h) Waivers. – The Division of Social Services is authorized to waive any non-safety licensing rule that impedes the placement of a child in kinship care in accordance with this section. County child welfare agencies and licensed child placing agencies shall pursue any non-safety waivers that may impede the licensure process. The Division shall offer annual training to county child welfare agencies and private child placing agencies regarding how waivers may be requested and what waivers may be granted.

SECTION 9J.10.(i) Publication of Kinship Care Process. – The Division of Social Services shall develop and make available for distribution public materials for families promoting kinship care, including information about the foster care licensure process and waiver options for licensure. The Division shall ensure information about the program is available on its website.

SECTION 9J.10.(j) Rules Review. – The Division of Social Services shall conduct an extensive review of the foster care licensure rules, including rules regarding the licensing of family foster homes, child placing agencies and residential maternity homes, minimum standards for residential child care, minimum standards for specialized residential child care programs, waiver procedures, denials, suspensions, revocations, and appeal procedures. At a minimum, the review shall seek to streamline the foster care licensing process by shortening the length of time to become licensed and eliminate any barriers to obtaining a license, including abolishing outdated rules and eliminating non-safety rules. The Division shall form a workgroup comprised of the following to complete the review:

(1) County child welfare agency staff.
(2) Tribal child welfare agency staff.

(3) Staff from the Divisions of Social Services, Health Benefits, Mental Health, Developmental Disabilities, and Substance Abuse Services.
(4) Provider stakeholders.

The review shall be completed no later than 12 months from the date this act becomes law. The workgroup shall make a final report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division no later than 18 months from the date this act becomes law. The report shall include a list and justification of the need for all foster care licensing rules remaining in effect that are non-safety related rules. The Social Services Commission shall adopt new rules consistent with the changes recommended pursuant to the rules review.

CHILD ADVOCACY CENTER FUNDS

SECTION 9J.11. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, the sum of three million dollars ($3,000,000) in recurring funds for each year of the 2023-2025 fiscal biennium shall be allocated to the Children's Advocacy Centers of North Carolina, Inc. (CACNC), a nonprofit organization. At least seventy-five percent (75%) of these funds shall be distributed to child advocacy centers in this State that are in good standing with CACNC.

PART IX-K. VOCATIONAL REHABILITATION SERVICES [RESERVED]

PART IX-L. HHS MISCELLANEOUS

CONFORM PRIVILEGE EXEMPTIONS FOR PSYCHIATRISTS, LICENSED MARRIAGE AND FAMILY THERAPISTS, SOCIAL WORKERS, CLINICAL MENTAL HEALTH COUNSELORS, AND PSYCHOLOGISTS

SECTION 9L.1.(a) G.S. 14-318.6(h) reads as rewritten:

"(h) Nothing in this section shall be construed as to require a person with (i) a privilege under G.S. 8-53.3, 8-53.7, 8-53.8, or ~~8-53.12 or with~~ 8-53.12, (ii) attorney-client ~~privilege~~ privilege, or (iii) psychiatrist-client or patient privilege to report pursuant to this section if that privilege would prevent them from doing so. Nothing in this section shall be construed as requiring a licensed marriage and family therapist with a privilege under G.S. 8-53.5 to report pursuant to this section if that privilege would prevent that person from doing so, but the privilege only applies to the primary client and not to any other family members. For purposes of this subsection, the term "primary client" means a person who contracts with a licensed marriage and family therapist for professional services for the purpose of diagnosis or treatment."

SECTION 9.1.(b) This section is effective when it becomes law.

PART IX-M. DHHS BLOCK GRANTS

DHHS BLOCK GRANTS

SECTION 9M.1.(a) Except as otherwise provided, appropriations from federal Block Grant funds are made for each year of the fiscal biennium ending June 30, 2025, according to the following schedule:

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS	**FY 2023-2024**	**FY 2024-2025**
Local Program Expenditures		
Division of Social Services		

01. Work First Family Assistance	$31,328,255	$31,259,794
02. Work First County Block Grants	80,093,566	80,093,566
03. Work First Electing Counties	2,378,213	2,378,213
04. Adoption Services – Special Children Adoption Fund	4,001,676	4,001,676
05. Child Protective Services – Child Welfare Workers for Local DSS	11,387,190	11,387,190
06. Child Welfare Program Improvement Plan	775,176	775,176
07. Child Welfare Collaborative	400,000	400,000
08. Child Welfare Initiatives	1,400,000	1,400,000
Division of Child Development and Early Education		
09. Subsidized Child Care Program	45,813,694	45,813,694
10. Swap-Child Care Subsidy	12,600,000	12,600,000
11. NC Pre-K Services	68,300,000	68,300,000
Division of Public Health		
12. Teen Pregnancy Prevention Initiatives	3,538,541	3,538,541
DHHS Administration		
13. Division of Social Services	2,478,284	2,478,284
14. Division of Child and Family Well-Being	3,976	3,976
15. Office of the Secretary	34,042	34,042
16. Eligibility Systems – Operations and Maintenance	431,733	431,733
17. NC FAST Implementation	428,239	428,239
18. Division of Social Services – Workforce Innovation & Opportunity Act (WIOA)	93,216	93,216
19. Division of Social Services TANF Modernization	1,667,571	1,667,571
Transfers to Other Block Grants		

Division of Child Development and Early Education		
20. Transfer to the Child Care and Development Fund	21,773,001	21,773,001
Division of Social Services		
21. Transfer to Social Services Block Grant for Child Protective Services – Training	285,612	285,612
22. Transfer to Social Services Block Grant for Child Protective Services	5,040,000	5,040,000
23. Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	13,097,783	13,166,244
24. Transfer to Social Services Block Grant – Foster Care Services	3,422,219	3,422,219
25. Transfer to Social Services Block Grant – Child Advocacy Centers	1,582,000	1,582,000
TOTAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS	**$312,353,987**	**$312,353,987**
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS		
Local Program Expenditures		
Division of Child Development and Early Education		
01. Subsidized Child Care	$34,440,000	$35,440,000
TOTAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS	**$34,440,000**	**$35,440,000**
SOCIAL SERVICES BLOCK GRANT		
Local Program Expenditures		
Divisions of Social Services and Aging and Adult Services		
01. County Departments of Social Services	$19,905,849	$19,837,388
02. County Departments of Social Services (Transfer From TANF)	$13,097,783	$13,166,244

03. EBCI Tribal Public Health and Human Services	244,740	244,740
04. Child Protective Services (Transfer From TANF)	5,040,000	5,040,000
05. State In-Home Services Fund	1,943,950	1,943,950
06. Adult Protective Services	2,138,404	2,138,404
07. State Adult Day Care Fund	1,994,084	1,994,084
08. Child Protective Services/CPS Investigative Services – Child Medical Evaluation Program	901,868	901,868
09. Special Children Adoption Incentive Fund	462,600	462,600
10. Child Protective Services – Child Welfare Training for Counties (Transfer From TANF)	285,612	285,612
11. Home and Community Care Block Grant (HCCBG)	2,696,888	2,696,888
12. Child Advocacy Centers (Transfer from TANF $1,582,000)	1,582,000	1,582,000
13. Guardianship – Division of Social Services	1,802,671	1,802,671
14. Foster Care Services (Transfer From TANF)	3,422,219	3,422,219
Division of Central Management and Support		
15. DHHS Competitive Block Grants for Nonprofits	4,774,525	4,774,525
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
16. Mental Health Services – Adult and Child/Developmental Disabilities Program/ Substance Abuse Services – Adult	4,149,595	4,149,595
DHHS Program Expenditures		
Division of Services for the Blind		
17. Independent Living Program & Program Oversight	3,880,429	3,880,429
Division of Health Service Regulation		

18. Adult Care Licensure Program	557,598	557,598
19. Mental Health Licensure and Certification Program	266,158	266,158
Division of Aging and Adult Services		
20. Guardianship	3,825,443	3,825,443
DHHS Administration		
21. Division of Aging and Adult Services	743,284	743,284
22. Division of Social Services	1,042,894	1,042,894
23. Office of the Secretary/Controller's Office	639,167	639,167
24. Legislative Increases/Fringe Benefits	293,655	587,310
25. Division of Child Development and Early Education	13,878	13,878
26. Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	28,325	28,325
27. Division of Health Service Regulation	258,960	258,960
TOTAL SOCIAL SERVICES BLOCK GRANT	**$75,992,579**	**$76,286,234**
LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT		
Local Program Expenditures		
Division of Social Services		
01. Low-Income Energy Assistance Program (LIEAP)	$67,836,069	$67,836,069
02. Crisis Intervention Program (CIP)	45,214,330	45,214,330
Local Administration		
Division of Social Services		
03. County DSS Administration	8,789,246	8,789,246
DHHS Administration		
Division of Central Management and Support		

04. Division of Social Services	10,000	10,000
05. Division of Social Services – Energy Portal (FIS Transaction Fees)	25,000	25,000
06. Office of the Secretary/DIRM (Accountable Results for Community Action (AR4CA) Replacement System)	166,750	166,750
07. Office of the Secretary/DIRM	278,954	278,954
08. Office of the Secretary/Controller's Office	18,378	18,378
09. NC FAST Development	627,869	627,869
10. NC FAST Operations and Maintenance	1,330,323	1,330,323
Transfers to Other State Agencies		
Department of Environmental Quality		
11. Weatherization Program	13,220,309	13,220,309
12. Heating Air Repair and Replacement Program (HARRP)	8,075,029	8,075,029
13. Local Residential Energy Efficiency Service Providers – Weatherization	787,097	787,097
14. Local Residential Energy Efficiency Service Providers – HARRP	437,276	437,276
15. DEQ – Weatherization Administration	859,976	859,976
16. DEQ – HARRP Administration	539,307	539,307
Department of Administration		
17. N.C. Commission on Indian Affairs	87,736	87,736
TOTAL LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT	**$148,303,649**	**$148,303,649**
CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
Local Program Expenditures		
Division of Child Development and Early Education		
01. Child Care Services	$289,070,072	$289,070,072
02. Smart Start Subsidy	7,392,654	7,392,654

03. Transfer from TANF Block Grant for Child Care Subsidies	21,773,001	21,773,001
04. Quality and Availability Initiatives (TEACH Program $3,800,000)	61,980,526	61,980,526
DHHS Administration		
Division of Child Development and Early Education		
05. DCDEE Administrative Expenses	9,710,886	9,710,886
06. Indirect Cost	7,346	7,346
Division of Social Services		
07. Direct Deposit for Child Care Payments	5,000	5,000
08. Local Subsidized Child Care Services Support	18,780,355	18,780,355
Division of Central Management and Support		
09. NC FAST Operations and Maintenance	1,450,316	1,450,316
10. DHHS Central Administration – DIRM Technical Services	979,762	979,762
11. DHHS Central Administration	68,000	68,000
Division of Public Health		
12. Child Care Health Consultation Contracts	62,205	62,205
TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	**$411,280,123**	**$411,280,123**
COMMUNITY MENTAL HEALTH SERVICES BLOCK GRANT		
Local Program Expenditures		
01. Mental Health Services – Child	$2,477,666	$2,477,666
02. Mental Health Services – Adult/Child	19,690,452	19,690,452
03. Mental Health Services – First Psychotic Symptom Treatment	5,416,756	5,416,756
04. Child Behavioral Health (Division of Child and Family Well-Being)	5,246,350	5,246,350

DHHS Administration		
Division of Child and Family Well-Being		
05. Administration	140,000	140,000
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
06. Crisis Services	2,877,047	2,877,047
07. Administration	332,351	332,351
08. Adult/Child Mental Health Services	350,150	350,150
Division of Public Health		
09. NC Detect – Behavioral Health ER	35,000	35,000
TOTAL COMMUNITY MENTAL HEALTH SERVICES BLOCK GRANT	**$36,565,772**	**$36,565,772**
SUBSTANCE USE PREVENTION, TREATMENT, AND RECOVERY SERVICES BLOCK GRANT		
Local Program Expenditures		
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
01. Substance Abuse – IV Drug	$2,000,000	$2,000,000
02. Substance Abuse Prevention	20,245,927	20,245,927
03. Substance Abuse Services – Treatment for Children/Adults	45,176,849	45,176,848
DHHS Program Expenditures		
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
04. Crisis Solutions Initiatives – Collegiate Wellness/Addiction Recovery	1,545,205	1,545,205
05. Veterans Initiatives	250,000	250,000
DHHS Administration		
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
06. Administration	2,297,852	2,297,852

07. Controlled Substance Reporting System	675,000	675,000
TOTAL SUBSTANCE USE PREVENTION, TREATMENT, AND RECOVERY SERVICES BLOCK GRANT	**$72,190,833**	**$72,190,832**
MATERNAL AND CHILD HEALTH BLOCK GRANT		
Local Program Expenditures		
Division of Child and Family Well-Being		
01. Children's Health Services (Prevent Blindness $650,000; Nurse-Family Partnership $1,029,000)	$12,500,559	$12,500,559
Division of Public Health		
02. Women's and Children's Health Services (Safe Sleep Campaign $120,000; Sickle Cell Centers $100,000; March of Dimes $350,000; Teen Pregnancy Prevention Initiatives $725,000; Perinatal & Neonatal Outreach Coordinator Contracts $440,000; Mountain Area Pregnancy Services $50,000)	2,583,029	2,583,029
03. Oral Health	51,119	51,119
04. Evidence-Based Programs in Counties With Highest Infant Mortality Rates	1,575,000	1,575,000
DHHS Program Expenditures		
05. Children's Health Services	1,344,492	1,344,492
06. Women's Health – Maternal Health	252,695	252,695
07. Women's and Children's Health – Perinatal Strategic Plan Support Position	80,669	80,669
08. State Center for Health Statistics	158,583	158,583
09. Health Promotion – Injury and Violence Prevention	87,271	87,271
DHHS Administration		
10. Division of Public Health Administration	340,646	340,646
11. Division of Child and Family Well-Being Administration	211,925	211,925

TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT	**$19,185,988**	**$19,185,988**
PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT		
Local Program Expenditures		
01. Physical Activity and Prevention	$3,081,442	$3,081,442
DHHS Program Expenditures		
Division of Public Health		
02. HIV/STD Prevention and Community Planning	135,063	135,063
03. Oral Health Preventive Services	150,000	150,000
04. Injury and Violence Prevention (Services to Rape Victims – Set-Aside)	217,935	217,935
05. Performance Improvement and Accountability	560,182	560,182
06. State Center for Health Statistics	48,000	48,000
DHHS Administration		
Division of Public Health		
07. Division of Public Health	65,000	65,000
TOTAL PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT	**$4,257,622**	**$4,257,622**
COMMUNITY SERVICES BLOCK GRANT		
01. Community Action Agencies	$21,695,970	$20,244,923
02. Limited Purpose Agencies/Discretionary Funding	457,553	504,718
03. Office of Economic Opportunity	1,077,552	1,124,718
04. Office of the Secretary/DIRM (Accountable Results for Community Action (AR4CA) Replacement System)	560,000	560,000
05. Office of Economic Opportunity – Workforce Investment Opportunities Act (WIOA)	60,000	60,000
TOTAL COMMUNITY SERVICES BLOCK GRANT	**$23,851,075**	**$22,494,359**

GENERAL PROVISIONS

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

(1) A delineation of the proposed allocations by program or activity, including State and federal match requirements.
(2) A delineation of the proposed State and local administrative expenditures.
(3) An identification of all new positions to be established through the Block Grant, including permanent, temporary, and time-limited positions.
(4) A comparison of the proposed allocations by program or activity with two prior years' program and activity budgets and two prior years' actual program or activity expenditures.
(5) A projection of current year expenditures by program or activity.
(6) A projection of federal Block Grant funds available, including unspent federal funds from the current and prior fiscal years.
(7) The required amount of maintenance of effort and the amount of funds qualifying for maintenance of effort in the previous year delineated by program or activity.

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

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

Notwithstanding the provisions of this subsection, for fiscal years 2023-2024 and 2024-2025, increases in the federal fund availability for the Temporary Assistance to Needy Families (TANF) Block Grant shall be used only for the North Carolina Child Care Subsidy program to pay for child care and shall not be used to supplant State funds.

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

SECTION 9M.1.(d) Except as otherwise provided, appropriations from federal Block Grant funds are made for each year of the fiscal biennium ending June 30, 2025, according to the schedule enacted for State fiscal years 2023-2024 and 2024-2025 or until a new schedule is enacted by the General Assembly.

SECTION 9M.1.(e) All changes to the budgeted allocations to the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services that are not specifically addressed in this section shall be approved by the Office of State Budget and Management. The Office of State Budget and Management shall not approve funding for new programs or activities not appropriated in this section. However, the Office of State Budget and Management shall have the authority to realign

appropriated funds in the Maternal and Child Health Block Grant between the categories to maintain federal compliance and programmatic alignment, so long as the realignment does not result in a reduction of funds designated for subrecipients under subsection (a) of this section. Additionally, if budgeted allocations are decreased, the Office of State Budget and Management shall not approve any reduction of funds designated for subrecipients in subsection (a) of this section under Item 01 or 02 of the Maternal and Child Health Block Grant. The Office of State Budget and Management shall consult with the Joint Legislative Oversight Committee on Health and Human Services for review prior to implementing any changes. In consulting, the report shall include an itemized listing of affected programs, including associated changes in budgeted allocations. All changes to the budgeted allocations to the Block Grants shall be reported immediately to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. This subsection does not apply to Block Grant changes caused by legislative salary increases and benefit adjustments.

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

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS

SECTION 9M.1.(g) The sum of eighty million ninety-three thousand five hundred sixty-six dollars ($80,093,566) for each year of the 2023-2025 fiscal biennium appropriated in this act in TANF funds to the Department of Health and Human Services, Division of Social Services, shall be used for Work First County Block Grants. The Division shall certify these funds in the appropriate State-level services based on prior year actual expenditures. The Division has the authority to realign the authorized budget for these funds among the State-level services based on current year actual expenditures. The Division shall also have the authority to realign appropriated funds from Work First Family Assistance for electing counties to the Work First County Block Grant for electing counties based on current year expenditures so long as the electing counties meet Maintenance of Effort requirements.

SECTION 9M.1.(h) The sum of eleven million three hundred eighty-seven thousand one hundred ninety dollars ($11,387,190) for each year of the 2023-2025 fiscal biennium appropriated in this act to the Department of Health and Human Services, Division of Social Services, in TANF funds for child welfare improvements shall be allocated to the county departments of social services for hiring or contracting staff to investigate and provide services in Child Protective Services cases; to provide foster care and support services; to recruit, train, license, and support prospective foster and adoptive families; and to provide interstate and post-adoption services for eligible families.

Counties shall maintain their level of expenditures in local funds for Child Protective Services workers. Of the Block Grant funds appropriated for Child Protective Services workers, the total expenditures from State and local funds for fiscal years 2023-2024 and 2024-2025 shall not be less than the total expended from State and local funds for the 2012-2013 fiscal year.

SECTION 9M.1.(i) The sum of four million one thousand six hundred seventy-six dollars ($4,001,676) for each year of the 2023-2025 fiscal biennium appropriated in this act in TANF funds to the Department of Health and Human Services, Special Children Adoption Fund, shall be used in accordance with G.S. 108A-50.2. The Division of Social Services, in consultation with the North Carolina Association of County Directors of Social Services and representatives of licensed private adoption agencies, shall develop guidelines for the awarding of funds to licensed public and private adoption agencies upon the adoption of children described in G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund by participating agencies shall be used exclusively to enhance the adoption services program. No local match shall be required as a condition for receipt of these funds.

SECTION 9M.1.(j) The sum of one million four hundred thousand dollars ($1,400,000) appropriated in this act in TANF funds to the Department of Health and Human Services, Division of Social Services, for each fiscal year of the 2023-2025 fiscal biennium shall be used for child welfare initiatives to (i) enhance the skills of social workers to improve the outcomes for families and children involved in child welfare and (ii) enhance the provision of services to families in their homes in the least restrictive setting.

SECTION 9M.1.(k) Of the three million five hundred thirty-eight thousand five hundred forty-one dollars ($3,538,541) allocated in this section in TANF funds to the Department of Health and Human Services, Division of Public Health, for each year of the 2023-2025 fiscal biennium for teen pregnancy prevention initiatives, the sum of five hundred thousand dollars ($500,000) in each year of the 2023-2025 fiscal biennium shall be used to provide services for youth in foster care or the juvenile justice system.

SOCIAL SERVICES BLOCK GRANT

SECTION 9M.1.(*l*) The sum of nineteen million nine hundred five thousand eight hundred forty-nine dollars ($19,905,849) for the 2023-2024 fiscal year and the sum of nineteen million eight hundred thirty-seven thousand three hundred eighty-eight dollars ($19,837,388) for the 2024-2025 fiscal year appropriated in this act in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, and the sum of thirteen million ninety-seven thousand seven hundred eighty-three dollars ($13,097,783) for the 2023-2024 fiscal year and the sum of thirteen million one hundred sixty-six thousand two hundred forty-four dollars ($13,166,244) for the 2024-2025 fiscal year transferred from funds appropriated in the TANF Block Grant shall be used for county Block Grants. The Division shall certify these funds in the appropriate State-level services based on prior year actual expenditures. The Division has the authority to realign the authorized budget for these funds, as well as State Social Services Block Grant funds, among the State-level services based on current year actual expenditures.

SECTION 9M.1.(m) The sum of two hundred eighty-five thousand six hundred twelve dollars ($285,612) appropriated in this act in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, for each fiscal year of the 2023-2025 fiscal biennium shall be used to support various child welfare training projects as follows:

(1) Provide a regional training center in southeastern North Carolina.
(2) Provide training for residential child caring facilities.
(3) Provide for various other child welfare training initiatives.

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

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

SECTION 9M.1.(p) The sum of five million forty thousand dollars ($5,040,000) appropriated in this act in the Social Services Block Grant for each fiscal year of the 2023-2025 fiscal biennium transferred from funds appropriated in the TANF Block Grant shall be allocated to the Department of Health and Human Services, Division of Social Services. The Division shall allocate these funds to local departments of social services to replace the loss of Child Protective Services State funds that are currently used by county governments to pay for Child Protective Services staff at the local level. These funds shall be used to maintain the number of Child Protective Services workers throughout the State. These Social Services Block Grant funds shall be used to pay for salaries and related expenses only and are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

SECTION 9M.1.(q) The sum of four million seven hundred seventy-four thousand five hundred twenty-five dollars ($4,774,525) for each year of the 2023-2025 fiscal biennium appropriated in this act in the Social Services Block Grant to the Department of Health and Human Services (DHHS), Division of Central Management and Support, shall be used for DHHS competitive Block Grants pursuant to Section 9B.8 of this act. These funds are exempt from the provisions of 10A NCAC 71R .0201(3).

SECTION 9M.1.(r) The sum of one million five hundred eighty-two thousand dollars ($1,582,000) appropriated in this act in the Social Services Block Grant for each fiscal year of the 2023-2025 fiscal biennium to the Department of Health and Human Services, Division of Social Services, shall be used to continue support for the Child Advocacy Centers. These funds are exempt from the provisions of 10A NCAC 71R .0201(3).

SECTION 9M.1.(s) The sum of three million eight hundred twenty-five thousand four hundred forty-three dollars ($3,825,443) for each fiscal year of the 2023-2025 fiscal biennium appropriated in this act in the Social Services Block Grant to the Department of Health and Human Services, Divisions of Social Services and Aging and Adult Services, shall be used for guardianship services pursuant to Chapter 35A of the General Statutes. The Department may expend funds allocated in this section to support existing corporate guardianship contracts during the 2023-2024 and 2024-2025 fiscal years.

SECTION 9M.1.(t) Of the funds appropriated in this act in the Social Services Block Grant to the Division of Aging and Adult Services for Adult Protective Services, the sum of eight hundred ninety-three thousand forty-one dollars ($893,041) for each year of the 2023-2025 fiscal biennium shall be used to increase the number of Adult Protective Services workers where these funds can be the most effective. These funds shall be used to pay for salaries and related expenses and shall not be used to supplant any other source of funding for staff. These funds are also exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT

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

SECTION 9M.1.(v) The sum of sixty-seven million eight hundred thirty-six thousand sixty-nine dollars ($67,836,069) for each year of the 2023-2025 fiscal biennium appropriated in this act in the Low-Income Energy Assistance Block Grant to the Department of Health and Human Services, Division of Social Services, shall be used for Energy Assistance Payments for the households of (i) elderly persons age 60 and above with income up to one hundred fifty percent (150%) of the federal poverty level and (ii) disabled persons eligible for services funded through the Division of Aging and Adult Services.

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

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

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

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

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

SECTION 9M.1.(y) Of the sixty-one million nine hundred eighty thousand five hundred twenty-six dollars ($61,980,526) appropriated in this act in the Child Care and Development Block Grant for the 2024-2025 fiscal year to the Department of Health and Human Services, Division of Child Development and Early Education, the sum of one million three hundred fifty thousand dollars ($1,350,000) shall be used to establish 18 new positions.

COMMUNITY MENTAL HEALTH SERVICES BLOCK GRANT

SECTION 9M.1.(z) The sum of five million four hundred sixteen thousand seven hundred fifty-six dollars ($5,416,756) for each year of the 2023-2025 fiscal biennium appropriated in this act in the Community Mental Health Services Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, is to be used for Mental Health Services – First Psychotic Symptom Treatment.

SECTION 9M.1.(aa) Of the funds appropriated in this act in the Community Mental Health Services Block Grant to the Department of Health and Humans Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for each fiscal year of the 2023-2025 fiscal biennium, the sum of three hundred fifty thousand one hundred fifty dollars ($350,150) shall be used for three positions and cover operating costs focused on developing pilot programs and implementing policy to improve services to transition-aged youth and adults with serious mental illness or serious emotional disturbance.

SUBSTANCE USE PREVENTION, TREATMENT, AND RECOVERY SERVICES BLOCK GRANT

SECTION 9M.1.(bb) Of the two million two hundred ninety-seven thousand eight hundred fifty-two dollars ($2,297,852) allocated in this section in the Substance Use Prevention, Treatment, and Recovery Services Block Grant for each year of the 2023-2025 fiscal biennium to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for administration, the sum of nine hundred fifty-nine thousand four hundred dollars ($959,400) shall be used to support nine new positions.

SECTION 9M.1.(cc) Notwithstanding any other provision of law or provision of the Committee Report described in Section 43.2 of S.L. 2022-74 to the contrary, the sum of one

million five hundred thousand dollars ($1,500,000) in nonrecurring funds provided to Haywood County and the sum of one million five hundred thousand dollars ($1,500,000) in nonrecurring funds provided to Madison County under the federal Substance Abuse Prevention and Treatment Block Grant in Item 3 of Section 9L.1(a) and Section 9L.1(z2)(1) of S.L. 2021-180, as amended in Section 9L.1 of S.L. 2022-74, for the 2022-2023 fiscal year for substance use treatment shall remain available for expenditure in the 2023-2024 fiscal year.

MATERNAL AND CHILD HEALTH BLOCK GRANT

SECTION 9M.1.(dd) If federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710), for the 2023-2024 fiscal year or the 2024-2025 fiscal year, then those funds shall be transferred to the State Board of Education to be administered by the Department of Public Instruction. The Department of Public Instruction shall use the funds to establish an abstinence until marriage education program consistent with G.S. 115C-81.30. The Department of Public Instruction shall carefully and strictly follow federal guidelines in implementing and administering the abstinence education grant funds.

SECTION 9M.1.(ee) The sum of one million five hundred seventy-five thousand dollars ($1,575,000) appropriated in this act in the Maternal and Child Health Block Grant to the Department of Health and Human Services, Division of Public Health, for each year of the 2023-2025 fiscal biennium shall be used for evidence-based programs in counties with the highest infant mortality rates. The Division shall report on (i) the counties selected to receive the allocation, (ii) the specific evidence-based services provided, (iii) the number of women served, and (iv) any impact on the counties' infant mortality rate. The Division shall report its findings to the House of Representatives Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division no later than December 31 of each year.

SECTION 9M.1.(ff) The sum of eighty thousand six hundred sixty-nine dollars ($80,669) allocated in this section in the Maternal and Child Health Block Grant to the Department of Health and Human Services, Division of Public Health, Women and Children's Health Section, for each fiscal year of the 2023-2025 fiscal biennium shall not be used to supplant existing State or federal funds. This allocation shall be used for a Public Health Program Consultant position assigned full-time to manage the North Carolina Perinatal Health Strategic Plan and provide staff support for the stakeholder work group.

SECTION 9M.1.(gg) The sum of one hundred thousand dollars ($100,000) allocated in this section in the Maternal and Child Health Block Grant to the Department of Health and Human Services, Division of Public Health, for each year of the 2023-2025 fiscal biennium for community-based sickle cell centers shall not be used to supplant existing State or federal funds.

SECTION 9M.1.(hh) No more than fifteen percent (15%) of the funds allocated for the designated subrecipients in subsection (a) of this section under Item 01 of the Maternal and Child Health Block Grant shall be used for administrative costs, unless otherwise required by federal law.

SECTION 9M.1.(ii) Notwithstanding any provision of law to the contrary, the Department of Health and Human Services, Division of Public Health, shall have the authority to realign appropriated funds between the Maternal and Child Health Block Grant categories to maintain federal compliance and programmatic alignment without exceeding the total amount appropriated for the Maternal and Child Health Block Grant.

PART X. AGRICULTURE AND CONSUMER SERVICES

LARGE ANIMAL HEALTH ENHANCEMENT FUND

SECTION 10.1.(a) Funds appropriated in this act to the Department of Agriculture and Consumer Services for the enhancement of large animal veterinary services in the State shall be allocated to the Large Animal Healthcare Enhancement Fund created in Article 88 of Chapter 106 of the General Statutes, as enacted by subsection (b) of this section, for the purposes set forth therein.

SECTION 10.1.(b) Chapter 106 of the General Statutes is amended by adding a new Article to read:

"Article 88.

"Large Animal Healthcare Enhancement Act.

"**§ 106-1071. Title.**

This Article shall be known and may be cited as the "Large Animal Healthcare Enhancement Act of 2023."

"**§ 106-1072. Definitions.**

The following definitions apply in this Article:

(1) Advisory Committee. – The Large Animal Healthcare Enhancement Advisory Committee, as established by G.S. 106-1073.

(2) Authority. – The North Carolina Agricultural Finance Authority, as created by G.S. 122D-4.

(3) Board. – The North Carolina Board of Agriculture, as created by G.S. 106-2.

(4) Commissioner. – The Commissioner of Agriculture.

(5) Department. – The Department of Agriculture and Consumer Services.

(6) Designated county. – A county in this State with a population of less than 100,000 people according to the latest decennial census.

(7) Fund. – The Large Animal Healthcare Enhancement Fund, as created by G.S. 106-1074.

(8) Large animal veterinarian. – A person who is actively engaged in and is licensed to practice veterinary medicine pursuant to Article 11 of Chapter 90 of the General Statutes and whose specialties include livestock, poultry, or equine animals.

(9) Large animal veterinary medicine. – The practice of veterinary medicine, as defined in G.S. 90-181, for livestock, poultry, or equine animals.

"**§ 106-1073. Advisory Committee.**

(a) Committee Established. – The Large Animal Healthcare Enhancement Advisory Committee is established within the North Carolina Agricultural Finance Authority and shall consist of membership as follows:

(1) The Commissioner of Agriculture or an employee of the Department designated by the Commissioner, who shall serve as chair.

(2) The State Veterinarian or the State Veterinarian's designee.

(3) A member of the Food Animal Scholars Program steering and mentoring committee.

(4) Two practicing large animal veterinarians, to be appointed by the Commissioner. The veterinarians shall have different specialties in their practice.

(5) Two representatives of the livestock industry, to be appointed by the Commissioner. The representatives shall represent different segments of the livestock industry.

(6) The Executive Director of the Authority or the Executive Director's designee, who shall not be a voting member.

The Commissioner and the State Veterinarian may each designate one additional at-large member of the Advisory Committee.

(b) Terms of Members. – Members of the Advisory Committee shall serve terms of four years, beginning effective July 1 of the year of appointment.

(c) Vacancies. – Any appointment to fill a vacancy on the Commission created by the resignation, dismissal, death, or disability of a member shall be made by the original appointing authority and shall be for the balance of the unexpired term.

(d) Removal. – The appointing authority shall have the power to remove any member of the Commission appointed by that authority from office for misfeasance, malfeasance, or nonfeasance.

(e) Reimbursement. – The members of the Commission shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.

(f) Meetings. – The Advisory Committee shall meet at least once every six months and may meet more often upon the call of the chair. A majority of the members of the Commission shall constitute a quorum for the transaction of business.

(g) Ethics. – Members of the Advisory Committee are public servants as defined by G.S. 138A-3(70).

(h) Staff. – The staff of the Authority shall serve as staff to assist the Advisory Committee in carrying out administrative functions in the discharge of its duties and responsibilities.

"**§ 106-1074. Large Animal Healthcare Enhancement Fund.**

(a) Fund Created. – The Large Animal Healthcare Enhancement Fund is created as a special fund within the Department of Agriculture and Consumer Services. The Fund shall be administered by the Authority. The purpose of the fund is to make grants to encourage veterinary students to enter and stay in large animal veterinarian practice and to support large animal veterinarian practices to enable them to better serve their designated counties.

(b) Fund Sources. – The Fund shall consist of any money appropriated to it by the General Assembly and any money received from public or private sources. Unexpended, unencumbered money in the Fund from sources other than appropriations from the General Assembly shall not revert and shall remain available for expenditure in accordance with this section. The Authority may use up to five percent (5%) of General Fund appropriations in each fiscal year for administrative support.

(c) Grant Eligibility. – A large animal veterinarian who practices or plans to practice in one or more designated counties may be eligible for a grant of up to twenty-five thousand dollars ($25,000) per fiscal year. Applicants shall apply in a format to be determined by the Advisory Commission, but the application shall require the applicant to state the designated counties in which the large animal veterinarian is practicing or plans to practice, the amount of funding requested, and the approved use for which the applicant intends to use the funds. When determining which applicants shall be awarded grant funds, the Advisory Committee shall consider all of the following criteria:

(1) The geographic area of the State that an applicant serves or would serve and the need for large animal veterinary services in that area of the State.

(2) The number of designated counties that an applicant serves or would serve.

(3) The number of different large animal veterinarian specialties in which the applicant practices.

(4) The percentage of time the applicant devotes to large animal veterinary services.

(5) Any additional criteria the Advisory Committee determines to be appropriate.

(d) Uses of Grant Funds. – The grant recipient may use the funds to support the recipient's large animal veterinary practice, including any of the following:

(1) The repayment of educational loans related to the recipient's veterinary degree.

(2) The purchase of equipment or technology for use in the recipient's large animal veterinary practice.

(3) Any additional uses the Advisory Committee determines is appropriate to promote and develop large animal veterinarians to practice in designated counties.

(e) Limitations. –The Advisory Committee shall review applicants on an annual basis to determine eligibility under the criteria developed under subsection (c) of this section. The Advisory Committee shall also review each recipient of grant funds at the end of each fiscal year. A recipient whose veterinary license expires, is revoked, or is suspended during the fiscal year in which the grant is awarded, or who fails to practice large animal veterinary medicine in the designated counties named in the recipient's application, shall repay the amount received from the Fund.

(f) Report. – The Agricultural Finance Authority shall report no later than October 1 each year to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division of the General Assembly regarding the implementation of this section during the previous fiscal year. The report shall include a list of the recipients of grants from the Fund for the previous fiscal year, the amount of the grants received, how recipients used awarded grant funds, and whether any awarded funds were required to be repaid by recipients."

SECTION 10.1.(c) The Agricultural Finance Authority, in consultation with the Large Animal Healthcare Enhancement Advisory Committee established by G.S. 106-1073, as enacted by subsection (b) of this section, shall adopt temporary rules to implement this section as soon as practicable and shall concurrently begin adopting permanent rules to replace the temporary rules.

SECTION 10.1.(d) This section is effective when it becomes law.

NORTH CAROLINA AGRICULTURE MANUFACTURING AND PROCESSING INITIATIVE

SECTION 10.2.(a) Findings and Purpose. – The General Assembly finds that the lack of capacity for value-added processing of agricultural commodities near the farms where those commodities are produced in the State creates competitive disadvantages to North Carolina farmers by imposing increased transportation costs to remote commodity processing facilities and presenting economic barriers to farmers who wish to participate in the market for higher profit margin processed food products. The General Assembly further finds that grants to increase agricultural processing opportunities in the State will create jobs and increase local property tax bases in this State; will benefit agricultural and farming operations in the State with decreased costs and increased profit options; and is consistent with promoting agricultural operations, a vital sector of the State's economy. The purpose of this section is to create seed capital to fund and promote the establishment of value-adding agricultural manufacturing and food processing facilities across the State to fill existing gaps in the processing of agricultural products and to create a diverse and economically competitive array of high value-added goods and products manufactured in this State from agricultural products grown or produced in this State.

SECTION 10.2.(b) Establishment. – There is created within the Department of Agriculture and Consumer Services (Department), the North Carolina Agricultural Manufacturing and Processing Initiative (NCAMPI). Funds allocated to NCAMPI by this section will be used for the following activities:

(1) Up to $200,000 of funds in the first year of the program for the Department to assess the State's agricultural economy with the assistance of independent industry-recognized experts to identify and assess opportunities to increase access to value-added processing of commodities produced in the State and address categorical or geographical gaps in agricultural manufacturing and processing.

(2) Up to $250,000 of the funds provided in each year of the program for the Department to market and recruit agricultural manufacturing and processing facilities to fill identified gaps in access to such facilities by North Carolina farmers based on the assessment described in subdivision (1) of this subsection.

(3) Remaining NCAMPI funds to provide grants to agricultural manufacturing facilities for site development, infrastructure costs (including water, wastewater, or transportation improvements), building construction or rehabilitation costs, or equipment. New facilities and expansions of existing facilities will be eligible for grants under this subdivision. Before entering into a grant agreement, the Department must find that the total benefits of the project to the State outweigh its costs and render the grant appropriate for the project.

SECTION 10.2.(c) Administration of Initiative. – In consultation with the nonprofit corporation with which the Department of Commerce contracts pursuant to G.S. 143B-431.01(b), the Department shall develop guidelines related to the administration of NCAMPI. The guidelines shall require a finding that a grant under this section is necessary for the construction or expansion of a facility engaged in agricultural manufacturing and processing in this State. At least 20 days before the effective date of any guidelines or nontechnical amendments to the guidelines, the Department shall publish the proposed guidelines on its website and provide notice to persons who have requested notice of proposed guidelines. In addition, the Department shall accept oral and written comments on the proposed guidelines and shall, in its discretion, consider those comments before finalizing the guidelines. Guidelines adopted under this section shall not be subject to the requirements of Article 2A of Chapter 150B of the General Statutes, and shall include all of the following:

(1) Criteria for evaluating grant applicants, including job creation, concentration of production of the agricultural product the facility will process in proximity to the proposed location, and reductions in transportation costs and estimated damage rates for agricultural products due to greater proximity to the manufacturing or processing facility.

(2) A system for determining grant eligibility, the amounts of awards, not to exceed $5,000,000 per facility, and the required cost-share for grant recipients. The Department may consider the economic development tier of the county of a grant recipient under G.S. 143B-437.08 in setting cost-share amounts.

SECTION 10.2.(d) Report. – Until all funds allocated by this section have been expended, the Department shall annually report no later than October 1 on NCAMPI activities during the prior fiscal year to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division. The report shall include, at a minimum, all of the following:

(1) Total amount of grants awarded.

(2) A list of award recipients and the amount awarded to each recipient.

(3) Matching funds required.

(4) Activities to ready sites and associated costs.

(5) Any major employers located at an improved or acquired site.

(6) Any unallocated amount for grants remaining in the NCAMPI Fund.

(7) Assessment of additional remaining needs for agricultural manufacturing and processing facilities in the State.

SECTION 10.2.(e) Funding. – Of the funds appropriated from the State Fiscal Recovery Fund to the Department of Agriculture and Consumer Services, the sum of twenty-five million dollars ($25,000,000) in nonrecurring funds for each year of the 2023-2025 biennium

shall be used for NCAMPI. Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary, these funds shall not revert at the end of the fiscal year in which they are appropriated, but shall remain available for the purposes set forth in this section. The Department may use up to one percent (1%) of the funds allocated by this section for administrative costs of program administration.

NC GRANGE ALLOCATION FOR FARMERS APPRECIATION DAY

SECTION 10.3. Of the funds appropriated to the Department of Agriculture and Consumer Services, the sum of five hundred thousand dollars ($500,000) in nonrecurring funds for the 2023-2024 fiscal year shall be used as a directed grant for N.C. Grange Mutual Insurance Company, a nonprofit corporation, (NC Grange) to develop a plan to raise awareness of and promote the first annual North Carolina Farmers Appreciation Day. These funds shall be disbursed to NC Grange at the discretion of the Department upon the request of NC Grange for that purpose, and shall be subject to Section 5.3(b)(4) of this act.

PART XI. COMMERCE

COMMUNITY DEVELOPMENT BLOCK GRANTS

SECTION 11.1.(a) Allocations. – Of the funds appropriated in this act for federal block grant funds, the following allocations are made for the fiscal years ending June 30, 2024, and June 30, 2025, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

1.	State Administration	$1,560,286
2.	Neighborhood Revitalization	7,521,789
3.	Economic Development	13,482,687
4.	Infrastructure	18,994,905
5.	Rural Community Development	4,748,726
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT – 2024 Program Year		**$46,308,393**
	2025 Program Year	**$46,308,393.**

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

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

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

(1) If a reallocation is required because of an emergency that poses an imminent threat to public health or public safety, then the Director of the Budget may authorize the reallocation without consulting the Commission. The Department of Commerce shall report to the Commission on the reallocation no later than 30 days after it was authorized and shall identify in the report the emergency, the type of action taken, and how it was related to the emergency.

(2) If the State will lose federal block grant funds or receive less federal block grant funds in the next fiscal year unless a reallocation is made, then the Department of Commerce shall provide a written report to the Commission on the proposed reallocation and shall identify the reason that failure to take action will result in the loss of federal funds. If the Commission does not hear the issue within 30 days of receipt of the report, the Department may take the action without consulting the Commission.

SECTION 11.1.(e) Report. – By September 1, 2023, and September 1, 2024, the Department of Commerce shall report to the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources; the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources; the chairs of the Joint Legislative Economic Development and Global Engagement Oversight Committee; and the Fiscal Research Division on the use of Community Development Block Grant Funds appropriated in the prior fiscal year. The report shall include the following:

(1) A discussion of each of the categories of funding, including information on the statewide need in each category.

(2) Information on the number of applications that were received in each category and the total dollar amount requested in each category.

(3) A list of grantees, including the grantee's name, county, category under which the grant was funded, the amount awarded, and a narrative description of the project.

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

(1) Essential repairs to prevent abandonment and deterioration of housing in low- and moderate-income neighborhoods.

(2) Demolition and rehabilitation of buildings and improvements.

(3) Public improvements, including parks, streets, sidewalks, and water and sewer lines.

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

(1) Acquisition of real property.

(2) Demolition and rehabilitation of buildings and improvements.

(3) Removal of material and architectural barriers.

(4) Public improvements, including parks, streets, sidewalks, and water and sewer lines.

(5) Loans and grants to public or private nonprofit entities for construction and rehabilitation activities.

(6) Assistance to private, for-profit entities for economic development.

(7) Technical assistance to public or nonprofit entities for neighborhood revitalization or economic development activities.

(8) Assistance to for-profit and nonprofit entities to facilitate economic development activities.

SECTION 11.1.(h) Infrastructure. – For purposes of this section, eligible activities under the Infrastructure Category in subsection (a) of this section shall be defined as provided in the HUD State Administered Community Development Block Grant definition of the term "infrastructure." Notwithstanding the provisions of subsection (d) of this section, funds allocated to the Infrastructure Category in subsection (a) of this section shall not be reallocated to any other category.

SECTION 11.1.(i) Rural Community Development. – Funds allocated for the Rural Community Development Category in subsection (a) of this section shall be made available as grants for eligible activities listed in this subsection. These funds shall provide grants that support community development and comprehensive growth projects to be awarded by the Department of Commerce. The Rural Community Development Category will provide grants to units of local government in development tier one and development tier two areas, as defined in G.S. 143B-437.08, and in rural census tracts, as defined in G.S. 143B-472.127(a)(2), in any other area to support projects that promote broad-based community development activities, increased local investment and economic growth, and stronger and more viable rural neighborhoods. In awarding grants under this section, preference shall be given to projects in development tier one areas, as defined in G.S. 143B-437.08. The funds available for grants under this category may be used for all of the following, subject to the national objectives and eligible activities allowed under guidance issued by HUD:

(1) Essential repairs to prevent abandonment and deterioration of housing in low- and moderate-income neighborhoods.

(2) Public improvements, including parks, streets, sidewalks, and water and sewer lines.

(3) Public facilities, including neighborhood and community facilities and facilities for individuals with special needs.

(4) Public services, including employment, crime prevention, and energy conservation.

(5) Assistance to private, for-profit entities for economic development.

(6) Technical assistance to public or nonprofit entities for neighborhood revitalization or economic development activities.

(7) Assistance to for-profit and nonprofit entities to facilitate economic development activities.

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

(1) All surplus federal administrative funds shall be divided proportionally between the Departments of Commerce and Environmental Quality and shall be used as provided in subdivisions (2) and (3) of this subsection.

(2) All deobligated funds allocated to the Department of Commerce and any surplus federal administrative funds, as provided for in subdivision (1) of this subsection, may be used by the Department for all of the following:
a. To issue grants in the CDBG Economic Development or Neighborhood Revitalization Program Category.
b. For providing training and guidance to local governments relative to the CDBG program, its management, and administrative requirements.
c. For any other purpose consistent with the Department's administration of the CDBG program if an equal amount of State matching funds is available.

(3) All deobligated funds allocated to the Department of Environmental Quality and any surplus federal administrative funds, as provided for in subdivision (1) of this subsection, may be used by the Department for all of the following:
a. To issue grants in the CDBG Infrastructure Category.
b. For any other purpose consistent with the Department's administration of the CDBG program if an equal amount of State matching funds is available.

COMMERCE NONPROFITS/REPORTING REQUIREMENTS

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

(1) By September 1 of each year, and more frequently as requested, report to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources; the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources; the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources; and the Fiscal Research Division on prior State fiscal year program activities, objectives, and accomplishments and prior State fiscal year itemized expenditures and fund sources. If State funds are used to provide matching funds for competitive grants from the federal government or a nongovernmental entity, the report should include a list and description of the grants that are awarded.

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

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

(1) North Carolina Biotechnology Center.
(2) High Point Market Authority.
(3) RTI International.
(4) National Institute of Minority Economic Development.

NC BIOTECHNOLOGY CENTER

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

(1) Twenty-one percent (21%) for job creation, including funding for the AgBiotech Initiative, economic and industrial development, and related activities.

(2) Sixty-five percent (65%) for science and commercialization, including science and technology development, Centers of Innovation, business and technology development, education and training, and related activities.

(3) Fourteen percent (14%) for Center operations, including administration, professional and technical assistance and oversight, corporate communications, human resource management, financial and grant administration, legal, and accounting.

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

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

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

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

NC BIOTECHNOLOGY CENTER PROFIT SHARING MODIFICATION

SECTION 11.4. Prior to receiving any General Fund disbursements for the 2023-2025 biennium, the North Carolina Biotechnology Center (the "Center") shall renegotiate the memorandum of understanding entered into pursuant to Section 20.8 of S.L. 2001-424, and its amendments, with the Attorney General's Office to provide that the Center is required to pay to the State fifty percent (50%) of only those net profits that exceed one million dollars ($1,000,000).

MODIFICATION FOR GOLDEN LEAF

SECTION 11.5. G.S. 143-712 reads as rewritten:

"**§ 143-712. Articles of incorporation; reporting.**

The Attorney General shall draft articles of incorporation for the Golden LEAF Foundation to enable the Golden LEAF Foundation to carry out its mission as set out in the Consent Decree. The articles of incorporation shall provide for the following:

(1) ~~Consultation; reporting. The Golden LEAF Foundation shall consult with the Joint Legislative Commission on Governmental Operations prior to the board of directors (i) adopting bylaws and (ii) adopting the annual operating budget.~~ Reporting. – The Golden LEAF Foundation shall ~~also~~ report on its programs and activities to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Joint Legislative Economic Development and Global Engagement Oversight Committee on or before September 15 of each fiscal year and more frequently as requested by any of these entities. The report shall include all of the following information:

a. Grants made in the prior fiscal year, including the amount, term, and purpose of the grant.

b. Outcome data collected by the Golden LEAF Foundation, including the number of jobs created.

c. Cumulative grant data by program and by county.
d. Unaudited actual administrative expenses and grants made in the prior fiscal year.
e. Current fiscal year budget, planned activities, and goals for the current fiscal year.

The Golden LEAF Foundation shall also provide to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Joint Legislative Economic Development and Global Engagement Oversight Committee an itemized report of its administrative expenses for the previous fiscal year by September 15 of each year, a copy of its annual audited financial statement for the previous fiscal year within 30 days of having received an audit report from an independent auditor, and a copy of its annual federal income tax return for the previous fiscal year within 30 days of filing.

…."

GOLDEN LEAF WORKFORCE GRANTS

SECTION 11.6.(a) Of the funds appropriated in this act to the Department of Commerce, the sum of twelve million five hundred thousand dollars ($12,500,000) for the 2023-2024 fiscal year and the sum of twelve million five hundred thousand dollars ($12,500,000) for the 2024-2025 fiscal year shall be allocated to The Golden LEAF (Long-Term Economic Advancement Foundation), Inc. (Golden LEAF), a nonprofit corporation, to be used to provide grants to community colleges, governmental entities, or 501(c)(3) charitable non-profit organizations providing workforce training. Funds may be used for the purchase and installation of equipment, building renovations, purchase of instructional materials and supplies, personnel costs, and for student supports, apprenticeships, internships and similar costs.

SECTION 11.6.(b) Of the funds allocated in subsection (a) of this section for the 2023-2024 fiscal year, Golden LEAF shall remit the sum of nine million dollars ($9,000,000) to the Guilford Tech Community College as a grant for the support of the Federal Advance Manufacturing Education partnership.

GOLDEN LEAF SHELL BUILDING PILOT PROGRAM

SECTION 11.7.(a) Of the funds appropriated in this act to the Department of Commerce for the 2023-2024 fiscal year, the nonrecurring sum of ten million dollars ($10,000,000) shall be allocated to Golden LEAF (Long-Term Economic Advancement Foundation), Inc., (Golden LEAF), a nonprofit corporation, for a pilot program to provide grants for the construction of shell buildings suitable for new or expanding businesses, other than retail, entertainment, or sports projects. Funds shall be divided into equal grants to Bladen, Columbus, and Franklin Counties. Funds allocated in this section must be expended by December 31, 2025. Golden LEAF may use up to one percent (1%) of the funds allocated in this section for administration of the program and shall establish guidelines providing for administration of the program. Those rules shall include the following provisions, which shall apply to each grant under the program:

(1) Funds for shell buildings can only be used for (i) identifying potential industrial sites, prioritized based on the number of appropriate sites in the community and the number of available shell buildings, (ii) completing environmental assessments and analysis of needed infrastructure improvements, (iii) grading, clearing, and other site preparation activities, and (iv) planning, design, and other pre-construction and construction activities for shell buildings.

(2) Grants awarded shall require a match from the local government in the amount of one dollar ($1.00) for every three State dollars ($3.00).

(3) Grant awards may not exceed two million five hundred thousand dollars ($2,500,000).

(4) Grants may only be awarded for shell building projects reasonably anticipated to result in the creation of new jobs.

(5) A wage standard, if any, deemed appropriate or beneficial for the purpose of the program, as determined in the sole discretion of Golden LEAF.

SECTION 11.7.(b) Golden LEAF shall include the pilot program in the report required pursuant to G.S. 143-712 until the year following the year in which all funds have been expended.

NASCAR ECONOMIC IMPACT STUDY AND FUNDING CLARIFICATION

SECTION 11.8.(a) Of the funds appropriated in this act to the Department of Commerce (the "Department"), the sum of forty thousand dollars ($40,000) for the 2023-2024 fiscal year shall be used to pay the relevant expenses involved in conducting a survey at the National Association of Stock Car Auto Racing (NASCAR) All-Star Race in North Wilkesboro to measure the economic activities of attendees at the race.

SECTION 11.8.(b) No later than September 1, 2023, the Department shall report on the use of such funds to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Joint Legislative Economic Development and Global Engagement Oversight Committee, and to the Fiscal Research Division.

SECTION 11.8.(c) Notwithstanding any other provision of law or the Committee Report referenced in Section 43.2 of this act to the contrary, funds appropriated in this act from the projected interest in the State Fiscal Recovery Reserve to the Department for the NASCAR All-Star Race may be used by the grant recipient to cover expenditures made prior to the effective date of this act.

NCINNOVATION

SECTION 11.9. Of the funds appropriated in this act to the Department of Commerce for the 2024-2025 fiscal year, the nonrecurring sum of fifty million dollars ($50,000,000) shall be allocated by the Department to NCInnovation, Inc., a nonprofit corporation, for the purposes set out in a plan to be developed and submitted to the Governor; the Joint Legislative Commission on Governmental Operations; the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources; the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources; the chairs of the Joint Legislative Economic Development and Global Engagement Oversight Committee; and the Fiscal Research Division no later than January 1, 2024; provided, however, the release of the funds authorized in this section shall not be before the later of July 1, 2024, and the date the Governor has both reviewed the submitted plan and submitted a written determination to the General Assembly that the plan adequately addresses the concerns listed in this section and achieves the goals of (i) improving technology transfer and patentable research activity at North Carolina universities, (ii) increasing venture capital availability, (iii) achieving greater parity in geographic access to funding for innovations with commercial activity, (iv) promoting regional cooperation in innovation and research, (v) identifying and developing strategic industry sectors in the State, (vi) synergizing university research efforts with private sector investment, (vii) augmenting the transition of information from pure research into applied research, (viii) creating jobs, (ix) positioning the State for increased capture of federal funding for commercialization of intellectual property, and (x) protecting the State's investment and interest in funds awarded by the entity through cost and benefit analyses, minimum performance metrics achieved and maintained, clawbacks, and other requirements needed to adequately safeguard the State. At a minimum, the plan shall address and include the following:

(1) A clear and concise statement of the purpose and anticipated benefits.
(2) A list of authorized activities.
(3) A list of any specific and express related activities that are not authorized.
(4) Appropriate and effective means of oversight, including whether to create a separate committee on accountability and standards that will, among other things, (i) monitor performance of the entity, (ii) receive and investigate complaints about the entity, (iii) audit the entity, including the minimum cycle for auditing, and (iv) records access.
(5) The process by which the duties, functions, obligations, and protections may be modified.
(6) The governance structure of the entity, including whether members of the governing body are appointed by the State and the appointing entity and whether the governing body should have geographic- and subject matter-specific provisions ensuring diversity of expertise and award distribution.
(7) Whether State employees can be a part of the governance structure of the entity.
(8) Means of ensuring the handling of State funds are not affected by fundraising activities or other potential issues or malfeasance that can result from simultaneous authority to award State funds and to engage in private fundraising.
(9) Gift ban and conflict of interest policies.
(10) The extent and frequency of governmental reporting of activities and sharing of records.
(11) The method of accounting for State funds and other funds available to or donated to the entity.
(12) Term of authorized activity and length of renewals for authority.
(13) Salary and compensation structure for members of the governing body of the entity and for employees of the entity.
(14) Authority to incur financial obligations.
(15) Applicability of public records and open meetings, including for the award of State funds.
(16) An analysis of identifying, and mitigating or solving, potential negative effects on State equity ownership in recipients, including (i) impacts on recruiting other businesses reasonably anticipated to compete with the recipient and (ii) impacts to existing businesses in the State with respect to ongoing operations in light of increased competition.
(17) Risks to the State of having equity stakes in private, for-profit entities and means of mitigating or eliminating those risks.
(18) A survey and executive summary of other States' efforts with respect to commercialization of intellectual property resulting from university research and increasing venture capital funds, both from stimulating private sector funding availability and allocating State funds. The survey should include advantages and disadvantages of each approach.
(19) An analysis of impact, including the degree to which commercialized university-researched intellectual property is being lost by this State for lack of regional cooperation or venture capital funds or other identified reasons and including a comparison between the plan under this section and the methods used by the states to which those lost opportunities are accruing.
(20) A comparison of costs and benefits between the plan proposed under this section and the degree and cost of providing collaborative and professional

patent portfolio development and commercialization personnel to research universities in the State and incentivizing the private sector to provide venture capital funds through tax benefits or otherwise.

(21) A breakdown showing that all State funds will go to a constitutionally permissible public purpose, including the methodology or modelling that the entity will use to ensure that the benefits to the State outweigh the costs to the State of those uses.

EDPNC MARKETING FUNDING EXTENSION

SECTION 11.10. Section 11.4(b) of S.L. 2022-74 reads as rewritten:

"**SECTION 11.4.(b)** There is appropriated from the Economic Development Project Reserve established in Section 2.2 of S.L. 2021-180 to the Department of Commerce for the nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431.01(b) the sum of sixty million dollars ($60,000,000) to be used for the following purposes in the following amounts:

(1) Thirty million dollars ($30,000,000) for travel and tourism marketing of the State.

(2) Thirty million dollars ($30,000,000) for business marketing of the State.

Of the funds allocated in subdivisions (1) and (2) of this subsection, the nonprofit corporation shall use no more than twenty million dollars ($20,000,000) for each purpose by June 30, 2023, and the remainder of the funds allocated by this section by ~~December 31, 2024.~~ June 30, 2025. The nonprofit corporation may use up to three percent (3%) of the total funds allocated in this section for administrative costs."

MODIFICATIONS TO MEGASITES PROGRAM

SECTION 11.11.(a) Of the funds appropriated in this act to the Department of Commerce for the 2023-2025 fiscal biennium, the nonrecurring sum of one hundred fifty million dollars ($150,000,000) shall be allocated in each year of the biennium to the North Carolina Megasite Fund established in Section 11.11(b) of S.L. 2022-74 for purposes consistent with that section.

SECTION 11.11.(b) Section 11.11 of S.L. 2022-74 reads as rewritten:

"**MEGASITES READINESS PROGRAM**

"**SECTION 11.11.(a)** Purpose. – It is in the best economic and developmental interests of the State to support the development of megasites to ensure the State's ongoing competitiveness for major manufacturing opportunities, including but not limited to the aerospace, automotive, clean energy, food processing, semiconductor, and life science industries. The purpose of this section is to establish a competitive grant program serving to do the following:

(1) Identify and evaluate up to ~~five~~ seven megasites for preferred development and marketing.

(2) ~~Enable~~ Assist local governments or a partnership of local governments ~~to acquire~~ in the acquisition of a newly identified or existing megasite.

(3) Support local governments or a partnership of local governments to analyze, plan, install or upgrade public infrastructure, including publicly owned water, gas, and sewer systems, transportation infrastructure, and the electrical utility lines necessary to meet the needs of prospective employers for megasites.

(4) Support local governments or a partnership of local governments to fund on-site preparation, including clearing, grading, or other related expenses for megasites.

(4a) Support local governments or a partnership of local governments in conducting due diligence, including, but not limited to, the following: site

characteristics, preliminary engineering reports for water and wastewater provision to the site, assessments related to road and highway infrastructure to serve the site, and other assessments as needed.

(5) Facilitate coordination between the economic development ~~entities and~~ entities, the North Carolina Department of Environmental ~~Quality~~ Quality, and the North Carolina Department of Transportation to expedite ~~any environmental~~ needs related to timely site development.

…

"**SECTION 11.11.(d)** Allocation. – EDPNC shall allocate monies in the Fund on the following basis:

(1) The first one million dollars ($1,000,000) appropriated to the Fund shall be allocated for engaging a national site selection firm through a competitive bid process to produce a report evaluating sites in the State and determining the ~~five~~ seven megasites best positioned for advanced manufacturing site selection searches conducted by major employers. Amounts allocated under this subdivision in excess of what is required after the competitive bid process shall be transferred to the North Carolina Selectsite Fund.

(2) All other funds appropriated to the Fund for local government grants shall be allocated for the ~~acquisition of~~ activities outlined in subdivisions (a)(2) through (a)(5) of this section for megasites determined pursuant to subdivision (1) of this subsection. ~~A grant for a megasite is limited to eighty-five percent (85%) of the lesser of the property's purchase price or tax value. The percentage actually provided in the grant shall be determined by EDPNC based~~ EDPNC shall prioritize local government grants that have the greatest potential to reduce the time for site readiness and reduce the risk of unforeseen conditions that could affect the site viability for advanced manufacturing projects. EDPNC shall base the grant amount on total development needs for the megasite, prior investment in the megasite by one or more local governments, the ability of one or more local governments to invest in the megasite, and the ability and level of participation promised by the local government in exchange for a grant from the Fund. Monies may only be granted for, and used to acquire, a megasite for which (i) one or more local governments have a binding option or offer to purchase and (ii) all basic due diligence ~~must be complete,~~ has been completed, including, but not limited to, boundary surveys, title searches, State Historic Preservation Office reviews, and wetlands delineation.

"**SECTION 11.11.(e)** Matching Funds. – ~~The~~ If a grant is awarded that includes site acquisition assistance, the local governments to which a grant is awarded shall provide the remainder of the cost of purchasing the megasite not provided by the grant.

…."

SELECTSITE READINESS PROGRAM

SECTION 11.12.(a) Of the funds appropriated in this act to the Department of Commerce (Department) for the 2023-2025 fiscal biennium, the nonrecurring sum of fifty million dollars ($50,000,000) shall be allocated in each year of the biennium to the North Carolina Selectsite Fund established in subsection (c) of this section for purposes consistent with that subsection.

SECTION 11.12.(b) Purpose. – It is in the best economic and developmental interests of the State to support the development of sites to ensure the State's ongoing competitiveness for major manufacturing opportunities, including, but not limited to, the aerospace, automotive, clean energy, food processing, semiconductor, and life science industries.

The purpose of this section is to establish a competitive grant program serving to do the following:

(1) Identify and evaluate up to 10 sites of less than 1,000 acres for preferred development and marketing.

(2) Assist local governments or a partnership of local governments in the acquisition of a newly identified or existing site.

(3) Support local governments or a partnership of local governments to analyze, plan, install, or upgrade public infrastructure, including publicly owned water, gas, and sewer systems, transportation infrastructure, and the electrical utility lines necessary to meet the needs of prospective employers for sites.

(4) Support local governments or a partnership of local governments to fund on-site preparation, including clearing, grading, or other related expenses for sites.

(5) Support local governments or a partnership of local governments in conducting due diligence, including, but not limited to: site characteristics, preliminary engineering reports for water and wastewater provision to the site, assessments related to road and highway infrastructure to serve the site, and other assessments as needed.

(6) Facilitate coordination between the economic development entities and the North Carolina Department of Environmental Quality and the North Carolina Department of Transportation to expedite needs related to timely site development.

SECTION 11.12.(c) Fund Established. – There is created in the Department a special fund to be known as the North Carolina Selectsite Fund for grants awarded by the Economic Development Partnership of North Carolina (EDPNC) for purposes consistent with this section. EDPNC shall be responsible for administering the program. The provisions prohibiting EDPNC from awarding of grants contained in G.S. 143B-431.01 do not apply to the Fund.

SECTION 11.12.(d) Definitions. – The definitions in Section 11.11(c) of S.L. 2022-74 apply in this section. For purposes of this section, a "selectsite" is a parcel of contiguous property consisting of less than 1,000 acres that is viable for industrial development and listed in the report pursuant to subsection (h) of this section. For purposes of this section, a "Fund" is the North Carolina Selectsite Fund.

SECTION 11.12.(e) Allocation. – EDPNC shall allocate monies in the Fund on the following basis:

(1) Funds transferred from the North Carolina Megasite Fund shall be allocated for an analysis of sites that are less than 1,000 acres that are of sufficient size to successfully attract advanced manufacturing projects of more than 1,000 employees.

(2) Funds appropriated to the Fund for local government grants shall be allocated for the purposes outlined in subdivisions (b)(2), (b)(3), (b)(4), and (b)(5) of this section for selectsites determined pursuant to subdivision (1) of this subsection. EDPNC shall prioritize local government grants that have the greatest potential to reduce the time for site readiness and reduce the risk of unforeseen conditions that could affect the site viability for advanced manufacturing projects. EDPNC shall base the grant amount on total development needs for the selectsite, prior investment in the selectsite by one or more local governments, the ability of one or more local governments to invest in the selectsite, and the ability and level of participation promised by the local government in exchange for a grant from the Fund. Monies may only be granted for, and used to acquire, a selectsite for which (i) one or more local governments have a binding option or offer to purchase and (ii) all basic due

diligence has been completed, including, but not limited to, boundary surveys, title searches, State Historic Preservation Office reviews, and wetlands delineation.

SECTION 11.12.(f) Matching Funds. – If a grant is awarded that includes site acquisition assistance, the local governments to which a grant is awarded shall provide the remainder of the cost of purchasing the selectsite not provided by the grant.

SECTION 11.12.(g) Agreements Required. – Monies may be disbursed from the Fund only in accordance with agreements entered into between EDPNC and a local government or a government partnership. The agreement must include all of the performance criteria, remedies, and other safeguards required to secure the assistance provided to ready the selectsite for a major employer and must require EDPNC to recapture a proportionate amount of assistance provided under this section for failure by a local government or government partnership to meet and maintain the selectsite for availability for the purposes for which the assistance was provided.

SECTION 11.12.(h) Reporting. – EDPNC shall file an annual report to the Department on or before April 1 of each year. The annual report prepared will document total amount of grants awarded, matching funds required, activities to ready selectsites and associated costs, any major employers locating at an improved or acquired selectsite, and the unallocated amount for grants remaining in the Fund. The Department shall prepare and file on or before May 1 of each year with the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources; the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources; the Joint Legislative Economic Development and Global Engagement Oversight Committee; the Office of State Budget and Management; and the Fiscal Research Division a consolidated report for the preceding fiscal year concerning the information required by this section.

SECTION 11.12.(i) Program Guidelines. – EDPNC shall develop guidelines related to the administration of this program. At least 20 days before the effective date of any guidelines or nontechnical amendments to the guidelines, EDPNC shall publish the proposed guidelines on its website and provide notice to persons who have requested notice of proposed guidelines. In addition, EDPNC must accept oral and written comments on the proposed guidelines and shall in its discretion consider such comments before finalizing the guidelines, during the 15 business days beginning on the first day that EDPNC has completed these notifications. Guidelines adopted under this section shall not be subject to the requirements of Article 2A of Chapter 150B of the General Statutes.

SHELLFISH GROWERS LOAN PROGRAM MODIFICATION

SECTION 11.13.(a) G.S. 113-211 reads as rewritten:

"**§ 113-211. Shellfish Growers Loan Program.**

(a) Definitions. – For purposes of this section, the following definitions apply:

(1) Applicable federal rate. – The minimum interest rate that the Internal Revenue Service sets and adjusts monthly for private loans.

(1a) Department. – The Department of Commerce.

(2) Governmental crop insurance. – Insurance coverage through the United States Department of Agriculture Noninsured Crop Disaster Assistance Program.

~~(3) Prime rate. – The interest rate that a commercial bank holds out as its lowest rate for a loan with less than a 36-month term to its most creditworthy borrowers.~~

…

(b) Program. – There is established the Shellfish Growers Loan Program to be administered by the Rural Center. The program shall provide a revolving source of low-interest working capital and equipment loans to emerging and existing small shellfish growers in this

State. Funds credited to the program are available in perpetuity and must be used only to provide loans to eligible businesses or for administrative expenses as allowed in this section.

(c) Loans. – The following shall apply to the program and loans made under the program:

(1) A loan provided under the program shall have a fixed interest rate that is equal to the ~~prime~~ applicable federal rate plus two and one-quarter percent (2.25%) and shall be amortized over the term of the loan. For the purposes of each loan, the qualifying lender shall use the applicable federal interest rate that aligns with the term of the loan and shall match the applicable federal rate for the month in which the qualifying business receives the loan.

…

(2) A working capital loan shall have a term of at least 12 months and shall not exceed ~~24~~ 72 months.

(3) An equipment loan shall have a term of at least 12 months and shall not exceed ~~60~~ 72 months.

…

(7) Loans are made pursuant to an agreement with a qualifying business that includes at least the following:

…

e. A provision requiring proof that the qualifying business ~~possesses current~~ has submitted a completed application for governmental crop insurance to protect from disasters.

f. A provision allowing for losses from disasters in excess of governmental crop insurance coverage on loans made to the qualifying business to be covered by the program funds up to the remaining unpaid principal loaned to the qualifying business but not repaid at the time of the loss.

…."

SECTION 11.13.(b) The qualifying lender shall seek to renegotiate the interest rate for any loans already disbursed or agreed to regarding loans that are already issued on or before the date this section becomes law, if the new interest rate at that time is lower than the interest rate currently agreed to between the qualifying lender and qualifying business.

SECTION 11.13.(c) This section is effective when it becomes law.

PART XII. ENVIRONMENTAL QUALITY

SHALLOW DRAFT FUND DIRECTED GRANTS

SECTION 12.1.(a) Funds appropriated in this act from the Shallow Draft Navigation Channel and Aquatic Weed Fund to the Office of State Budget and Management shall be used for directed grants to the following entities:

(1) The Lake Gaston Weed Control Council, to be used for a multiyear project to treat lyngbya spp., a cyanobacteria, in Lake Gaston.

(2) The Town of Tabor City, to be used for aquatic weed control in Lake Tabor.

SECTION 12.1.(b) Funds allocated by this section (i) shall not have a cost-share requirement under G.S. 143-215.73F(c) and (ii) shall not apply towards the aquatic weed control project limitation set forth in G.S. 143-215.73F(b)(2). These funds shall remain available until expended.

WATER AND SEWER INFRASTRUCTURE FUNDS

SECTION 12.2.(a) Allocation. – Funds appropriated in this act for each year of the 2023-2025 fiscal biennium from the Clean Water and Drinking Water Reserve to the Department

of Environmental Quality (Department) for the Water Infrastructure Fund are allocated as follows:

(1) Three hundred million dollars ($300,000,000) in each year of the 2023-2025 fiscal biennium for the Viable Utility Reserve to be used for the purposes set forth in subdivisions (1) through (5) of G.S. 159G-32(d).

(2) Six hundred million dollars ($600,000,000) in each year of the 2023-2025 fiscal biennium for the Drinking Water Reserve and the Wastewater Reserve to provide project construction grants for public water systems and wastewater systems.

SECTION 12.2.(b) Limitation Not Applicable. – The limits set forth in G.S. 159G-36(c)(3) shall not apply to grants awarded from funds allocated by this section.

SECTION 12.2.(c) Choice of Funding. – The Department may exchange projects funded from the State Fiscal Recovery Fund in S.L. 2021-180 and S.L. 2022-74 with other projects subsequently awarded by the State Water Infrastructure Authority from other funding sources to meet the deadline for expenditure of State Fiscal Recovery Funds set forth in applicable federal law and guidance.

SECTION 12.2.(d) Administrative Costs. – The Department may use three percent (3%) of the funds allocated to the Drinking Water Reserve and the Wastewater Reserve by this section for administrative costs. The Department shall not charge the grant fee authorized by G.S. 159G-24 for grants made from funds subject to the set aside of administrative costs authorized by this subsection.

SECTION 12.2.(e) Report. – The Department shall include in the report required by G.S. 159G-26 the status of projects funded under this section. This report may be provided in tabular or summary form and need not include information beyond that described in G.S. 159G-26(b)(4).

REDIRECT CERTAIN PRIOR WATER AND WASTEWATER FUNDS

SECTION 12.2A. Funds allocated to the Town of Norwood for the expansion of Lake Tillery by subdivision (a)(3a) of Section 12.13 of S.L. 2021-180, as enacted by subsection 6.1(a) of S.L. 2022-6, shall instead be provided to Montgomery County as a construction grant for a water or wastewater project. The limits set forth in G.S. 159G-36(c)(3) shall not apply to grants awarded from funds allocated by this subsection. Funds allocated by this subdivision in excess of the amounts needed to complete these projects shall revert to the Drinking Water Reserve and the Wastewater Reserve and may be used for other eligible projects for the purposes set forth in subdivisions (2) through (3a) of G.S. 159G-34(a) and subdivisions (2) through (3a) of G.S. 159G-33(a).

VIABLE UTILITY RESERVE GRANT CRITERIA

SECTION 12.3. G.S. 159G-35(c) reads as rewritten:

"(c) Viable Utility Reserve. – The Local Government Commission and the Authority shall jointly develop evaluation criteria for grants from the Viable Utility Reserve. Criteria shall also be developed concerning distressed units for which the Local Government Commission has exercised its authority under Article 11 of Chapter 159 of the General Statutes to assume control, in whole or in part, of the financial affairs of an applicant. These evaluation criteria shall be used to review applications and award grants as provided in G.S. 159G-39."

STORMWATER INFRASTRUCTURE FUNDING

SECTION 12.4.(a) Allocation. – Funds appropriated in this act for the 2023-2024 and 2024-2025 fiscal years from the Clean Water and Drinking Water Reserve to the Department of Environmental Quality (Department) for the Local Assistance for Stormwater Infrastructure Investments Fund established in Section 12.14(a) of S.L. 2021-180 shall be used to provide grants

to eligible entities as defined in this section for projects that will improve or create infrastructure for controlling stormwater quantity and quality.

SECTION 12.4.(b) Allocation of Funds. – The Department shall use eighty-five percent (85%) of the funds allocated in this section for construction grants as specified in subdivision (1) of subsection (e) of this section and fifteen percent (15%) of the funds allocated in this section for planning grants as specified in subdivision (2) of subsection (e) of this section.

SECTION 12.4.(c) Eligible Entity. – An eligible entity for a grant under this section shall be a city or county that (i) documents in a form and manner as the Department may specify a stormwater quality or quantity issue and (ii) demonstrates that it would experience a significant hardship raising the revenue necessary to finance stormwater management activities within its jurisdiction based on income and unemployment data, population trends, and any other data determined relevant by the Department. A regional council of government created pursuant to Part 2 of Article 20 of Chapter 160A of the General Statutes or a nonprofit entity is also an eligible entity under this section if the regional council of government or nonprofit entity partners with a city or county.

SECTION 12.4.(d) Grant Types. – The Department shall make the following types of grants from the Fund:

(1) Construction grants. – A construction grant is available for the development and implementation of a new stormwater utility or stormwater control measure (SCM), the rehabilitation of existing SCMs, the retrofitting of existing stormwater conveyances to provide SCMs for quantity and quality control purposes, or the installation of innovative technologies or nature-based solutions. The Department shall allow nature-based solutions where feasible and possible.

(2) Planning grants. – A planning grant is available for research or investigative studies, alternatives analyses, the preparation of engineering concept plans or engineering designs, and similar activities intended to help an eligible entity determine the best solutions for the entity's stormwater quality or quantity issue and to engineer and permit the solutions. The Department shall allow nature-based solutions where feasible and possible.

SECTION 12.4.(e) Limitation. – The following limits apply to grants from the Fund:

(1) Construction grants may not exceed fifteen million dollars ($15,000,000).

(2) Planning grants may not exceed five hundred thousand dollars ($500,000).

SECTION 12.4.(f) Administration. – The Department may use up to three percent (3%) of the funds allocated by this section for administrative expenses. The Department may adopt any policies or procedures regarding the application process, applicant record keeping and reporting, and any other administrative details not inconsistent with this section.

SECTION 12.4.(g) Definition. – For purposes of this section, "nature-based solutions" are sustainable planning, design, environmental management, and engineering practices that weave natural features or processes into the built environment to store, infiltrate, and treat water by enlisting natural features and processes in efforts to promote resilience, reduce flood risks, improve water quality, protect coastal property, restore and protect wetlands, stabilize shorelines, and add recreational space.

PROHIBIT CAP AND TRADE REQUIREMENTS FOR CO2 EMISSIONS.

SECTION 12.5.(a) Article 21B of Chapter 143 of the General Statutes is amended by adding a new section to read:

"**§ 143-215.107E. Prohibit cap and trade requirements for carbon dioxide (CO2) emissions.**

Neither the Governor, nor any of the agencies of the State, including the Utilities Commission, the Department of Environmental Quality, and the Environmental Management Commission, may require an electric public utility, as defined in G.S. 62-126.3(7), or persons

who operate an electric generating facility the primary purpose of which is for the person's own use and not for the primary purpose of producing electricity for sale to or for the public for compensation, to participate in a program that requires such utilities to obtain allowances to offset their CO2 emissions, commonly characterized as emissions cap-and-trade programs, CO2 budget trading programs, or cap-and-invest initiatives. In addition, the Governor and the Department are expressly prohibited from entering into any agreement with other states obligating North Carolina's participation in any program requiring acquisition of allowances to offset CO2 emissions by such utilities."

SECTION 12.5.(b) This section is effective when it becomes law.

PROHIBITION ON STATE OR REGIONAL EMISSIONS STANDARDS FOR NEW MOTOR VEHICLES

SECTION 12.6.(a) Article 21B of Chapter 143 of the General Statutes is amended by adding a new section to read:

"**§ 143-215.107F. Prohibit requirements for control of emissions from new motor vehicles.**

Notwithstanding any authorization granted under 42 U.S.C. § 7507, no agency of the State, including the Department of Environmental Quality, the Environmental Management Commission, the Department of Transportation, or the Department of Administration, may adopt and enforce standards relating to control of emissions from new motor vehicles or new motor vehicle engines, including requirements that mandate the sale or purchase of "zero-emission vehicles," or electric vehicles as defined in G.S. 20-4.01. The prohibitions of this section shall not be construed to effect requirements for the vehicle emissions testing and maintenance program established pursuant to G.S. 143-215.107A."

SECTION 12.6.(b) This section is effective when it becomes law.

REDUCE NUMBER OF COUNTIES SUBJECT TO EMISSIONS INSPECTIONS

SECTION 12.7.(a) G.S. 143-215.107A(c) reads as rewritten:

"(c) Counties Covered. – Motor vehicle emissions inspections shall be performed in ~~the following counties: Alamance, Buncombe, Cabarrus, Cumberland, Davidson, Durham, Forsyth, Franklin, Gaston, Guilford, Iredell, Johnston, Lincoln, Mecklenburg, New Hanover, Randolph, Rowan, Union, and Wake.~~Mecklenburg County."

SECTION 12.7.(b) No later than December 31, 2023, the Department of Environmental Quality shall prepare and submit to the United States Environmental Protection Agency for approval by that agency a proposed North Carolina State Implementation Plan amendment based on the change to the motor vehicle emissions testing program provided in this section.

SECTION 12.7.(c) Subsection (a) of this section becomes effective on the later of the following dates and applies to motor vehicles inspected, or due to be inspected, on or after that effective date:

(1) July 1, 2024.

(2) The first day of a month that is 60 days after the Secretary of the Department of Environmental Quality certifies to the Revisor of Statutes that the United States Environmental Protection Agency has approved an amendment to the North Carolina State Implementation Plan submitted as required by subsection (b) of this section. The Secretary shall provide this notice along with the effective date of this section on its website and by written or electronic notice to emissions inspection mechanic license holders, emissions inspection station licensees, and self-inspector licensees in the county where motor vehicle emissions inspection requirements are removed by this section.

SECTION 12.7.(d) Except as otherwise provided, this section is effective when it becomes law.

PART XIII. LABOR [RESERVED]

PART XIV. NATURAL AND CULTURAL RESOURCES

NC SYMPHONY CHALLENGE GRANT

SECTION 14.1.(a) Of the funds appropriated in this act to the Department of Natural and Cultural Resources, the sum of two million dollars ($2,000,000) in recurring funds for each year of the 2023-2025 fiscal biennium shall be allocated to the North Carolina Symphony as provided in this section. It is the intent of the General Assembly that the North Carolina Symphony raise at least six million dollars ($6,000,000) in non-State funds for the 2023-2024 fiscal year and seven million dollars ($7,000,000) in non-State funds for the 2024-2025 fiscal year. The North Carolina Symphony cannot use funds transferred from the organization's endowment to its operating budget to achieve the fundraising targets set out in subsections (b) and (c) of this section.

SECTION 14.1.(b) For the 2023-2024 fiscal year, the North Carolina Symphony shall receive allocations from the Department of Natural and Cultural Resources as follows:

(1) Upon raising the initial sum of two million dollars ($2,000,000) in non-State funding, the North Carolina Symphony shall receive the sum of six hundred thousand dollars ($600,000).

(2) Upon raising an additional sum of two million dollars ($2,000,000) in non-State funding for a total amount of four million dollars ($4,000,000) in non-State funds, the North Carolina Symphony shall receive the sum of seven hundred thousand dollars ($700,000).

(3) Upon raising an additional sum of two million dollars ($2,000,000) in non-State funding for a total amount of six million dollars ($6,000,000) in non-State funds, the North Carolina Symphony shall receive the final sum of seven hundred thousand dollars ($700,000) in the 2023-2024 fiscal year.

SECTION 14.1.(c) For the 2024-2025 fiscal year, the North Carolina Symphony shall receive allocations from the Department of Natural and Cultural Resources as follows:

(1) Upon raising the initial sum of two million dollars ($2,000,000) in non-State funding, the North Carolina Symphony shall receive the sum of six hundred thousand dollars ($600,000).

(2) Upon raising an additional sum of two million dollars ($2,000,000) in non-State funding for a total amount of four million dollars ($4,000,000) in non-State funds, the North Carolina Symphony shall receive the sum of seven hundred thousand dollars ($700,000).

(3) Upon raising an additional sum of three million dollars ($3,000,000) in non-State funding for a total amount of seven million dollars ($7,000,000) in non-State funds, the North Carolina Symphony shall receive the final sum of seven hundred thousand dollars ($700,000) in the 2024-2025 fiscal year.

RENAME SECCA

SECTION 14.2. The Department of Natural and Cultural Resources shall rename the Southeastern Center for Contemporary Art as the North Carolina Museum of Art–Winston-Salem.

TOBACCO FARM LIFE MUSEUM SPECIAL FUND

SECTION 14.3.(a) As set forth in G.S. 143-431 and G.S. 121-4(8), the Department of Natural and Cultural Resources shall assume from the Tobacco Farm Life Museum, Inc., the ownership and administration of the Tobacco Farm Life Museum in Johnston County.

SECTION 14.3.(b) Of the funds appropriated from the General Fund to the Department of Natural and Cultural Resources, the sum of three hundred seventy-five thousand dollars ($375,000) in the 2023-2024 fiscal year and the sum of three hundred fifty thousand dollars ($350,000) in the 2024-2025 fiscal year to be used for the operation, administration, and new positions to staff the Tobacco Farm Life Museum.

SECTION 14.3.(c) Article 1 of Chapter 121 of the General Statutes is amended by adding a new section to read:

"**§ 121-7.8. Tobacco Farm Life Museum Fund.**

(a) Fund. – The Tobacco Farm Life Museum Fund is created as a special, interest-bearing revenue fund in the Department of Natural and Cultural Resources. The Fund consists of all receipts derived from the lease or rental of property or facilities, disposition of structures or products of the land, donations, gifts, devises, and admissions and fees collected at the Tobacco Farm Life Museum. The Fund shall be treated as a special trust fund and may be used to pay costs associated with the operation, interpretation, development, expansion, preservation, and maintenance of the Tobacco Farm Life Museum.

(b) Fund Sources. – Notwithstanding Chapter 146 of the General Statutes, the Fund consists of (i) all revenue derived from donations, gifts, devises, grants, admissions, and fees collected by or for the benefit of the Tobacco Farm Life Museum Fund, (ii) the net proceeds derived from the sale of real property pursuant to G.S. 146-30(d)(15), and (iii) interest on funds in the Fund credited by the State Treasurer pursuant to G.S. 147-69.2 and G.S. 147-69.3.

(c) Reports. – The Department of Natural and Cultural Resources must submit to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the chair of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources, the chair of the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division by September 30 of each year a report on the Fund that includes the source and amounts of all funds credited to the Fund and the purpose and amount of all expenditures from the Fund during the prior fiscal year."

SECTION 14.3.(d) G.S. 121-7.7 reads as rewritten:

"**§ 121-7.7. State Historic Sites and Museums special fund.**

…

(b) Application. – This section applies to the individual State Historic Sites and State History and Maritime Museums owned by or under the control of the Division of State Historic Sites and the Division of State History Museums, with the exception of the Bentonville Battlefield State Historic ~~Site~~ Site, the Tobacco Farm Life Museum, and the North Carolina Transportation Museum. The Bentonville Battlefield State Historic Site is subject to G.S. 121-7.5. The North Carolina Transportation Museum is subject to G.S. 121-7.6. The Tobacco Farm Life Museum Fund is subject to G.S. 121-7.8.

…."

SECTION 14.3.(e) G.S. 146-30 reads as rewritten:

"**§ 146-30. Application of net proceeds.**

…

(d) Notwithstanding any other provision of this Subchapter, the following exceptions apply:

…

(15) The net proceeds derived from the sale of real property from the Tobacco Farm Life Museum donated to the State and allocated to the Department of Natural and Cultural Resources shall be deposited in the Tobacco Farm Life Museum Fund, created in G.S. 121-7.8, and shall be used in accordance with that section."

SECTION 14.3.(f) This section becomes effective only if the Tobacco Farm Life Museum transfers and conveys all of its assets to the State. The Department of Natural and

Cultural Resources shall notify the Revisor of Statutes when those assets are transferred and the conveyance is complete.

ACCESSIBLE PARKS GRANTS

SECTION 14.4.(a) Grant Purposes. – Funds allocated in this act from the State Capital and Infrastructure Fund to the Parks and Recreation Trust Fund to provide matching grants to local parks facilities for persons with disabilities shall be used exclusively for grants to local government units or public authorities, as defined in G.S. 159-7, for construction of special facilities or adaptation of existing facilities that meet the unique needs of persons with disabilities or that enable them to participate in recreational and sporting activities, regardless of their abilities.

SECTION 14.4.(b) Match. – Notwithstanding any provision of G.S. 143B-135.56 to the contrary, a local government unit or public authority receiving a grant under this section shall provide matching funds in the amount of one dollar ($1.00) of local funds for every five dollars ($5.00) of State funds.

SECTION 14.4.(c) Limitation. – Grants made under this section shall not exceed five hundred thousand dollars ($500,000) per project.

SALUDA GRADE RAIL CORRIDOR

SECTION 14.5.(a) Findings and Purpose. – The General Assembly finds that the Saluda Grade Railroad was constructed in the 1870s to link Spartanburg, South Carolina, to Asheville, North Carolina, and holds a special place in American rail history as the steepest standard-gauge mainline railroad in the United States, located where the line crosses the dramatic Blue Ridge Escarpment. The General Assembly further finds that the 31-mile portion of the Railroad proposed for acquisition stretches from Inman, SC, to Zirconia, NC, with 16 miles in South Carolina and 15 miles in North Carolina, and would pass through downtown Inman, Gramling, Campobello, Landrum, Tryon, and Saluda, as well as the picturesque Piedmont countryside, the Pacolet River valley with its plunging waterfalls, and the spectacular scenery around the Green River and Lake Summit. The purpose of this section is to take advantage of an unprecedented opportunity for the citizens of North Carolina to celebrate 2023 as the Year of the Trail and enhance the reputation of North Carolina as the Great Trails State by acquiring the Saluda Grade rail corridor for conversion into the Saluda Grade Trail.

SECTION 14.5.(b) Definition. – For purposes of this section, the Saluda Grade rail corridor means the portion of the Norfolk Southern W-Line railroad between milepost 26 in the unincorporated community of Zirconia in Henderson County and the boundary between North Carolina and South Carolina.

SECTION 14.5.(c) Funding. – Notwithstanding any other provision of law or the Committee Report referenced in Section 43.2 of this act to the contrary, funds appropriated in this act from the projected interest in the State Fiscal Recovery Reserve shall be increased by six million dollars ($6,000,000) in the 2023-2024 fiscal year, and eleven million dollars ($11,000,000) in the 2024-2025 fiscal year. These funds shall be transferred to the Department of Natural and Cultural Resources to provide grants in each year of the biennium to Polk County Community Foundation, Inc., a nonprofit corporation (Foundation), to be allocated in the following amounts and for the following purposes:

(1) $5,000,000 in the 2023-2024 fiscal year and $11,000,000 in the 2024-2025 fiscal year for the purchase of the Saluda Grade rail corridor in Henderson and Polk Counties and related transaction costs.

(2) $450,000 in the 2023-2024 fiscal year to conduct an assessment, conceptual design and preliminary engineering of the Saluda Grade rail corridor.

(3) $550,000 in the 2023-2024 fiscal year to study the potential of a multi-purpose active tourism rail and hiking corridor from the City of Hendersonville to

either the Town of Tryon or the Town of Saluda, and if such a multi-purpose active tourism rail and hiking corridor is determined to be feasible, to develop a conceptual plan and preliminary engineering for its implementation.

SECTION 14.5.(d) Council Established. – The Foundation shall establish a Saluda Grade Conservation Council to oversee the disbursement of funds provided by this section to the Foundation as provided in this subsection:

(1) Membership. – The Council shall include two members appointed by the General Assembly, upon recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121, two by the General Assembly, upon recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121, one member of the Polk County Board of Commissioners, elected by that body, one member of the Henderson County Board of Commissioners, elected by that body, one member of the City of Saluda Board of Commissioners, elected by that body, and one member of the Town of Tryon Board of Commissioners, elected by that body. The Chair of the board of the Saluda Historic Depot and Museum Board or the Chair's designee shall serve as an ex officio member of the Council, and shall vote only in the case of a tie.

(2) Disbursement of Funds. – The Foundation will disburse funds allocated by subdivision (c)(1) of this section at the direction of the Council, and the Council shall cease to exist when the funds allocated by this section have been disbursed and all reports, audits, and other documentation required by the State Budget Act (Chapter 143C of the General Statues) have been submitted. Funds allocated by subdivisions (c)(2) and (c)(3) of this section may be disbursed directly by the Foundation prior to the appointment of the Council.

SECTION 14.5.(e) Memorandum of Understanding. – No later than September 1, 2023, the Department of Natural and Cultural Resources shall enter into a Memorandum of Understanding with the Foundation regarding the long-term ownership structure, management, and improvement of the rail corridor. The Memorandum shall provide, at a minimum, the following:

(1) That not later than July 1, 2027, the corridor will be conveyed to the State to be added to the State Trail system.

(2) That the conveyance and other provisions of the Memorandum are structured to ensure that the acquisition of the rail corridor and the conversion to an interim use as a State trail is consistent with the requirements of federal law necessary to preserve established railroad rights-of-way for future activation of rail service as set forth in the railbanking provisions of the National Trails System Act Amendments of 1983.

SECTION 14.5.(f) Report. – The Foundation shall provide an interim report no later than March 1, 2024, and a final report no later than October 1, 2025, to the Department of Natural and Cultural Resources, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research Division regarding the acquisition of and improvements to the Saluda Grade rail corridor funded by this act. The Department shall include a summary of its actions to promote and support the establishment of the Saluda Grade Trail as a part of the report required by G.S. 143B-135.102.

SECTION 14.5.(g) Authorization. – Upon completion of the acquisition of the Saluda Grade rail corridor funded by this act, the General Assembly authorizes the Department of Natural and Cultural Resources to add the trail established on the Saluda Grade rail corridor to the State Parks System as a State trail, as provided in G.S. 143B-135.54(b). The Department shall support, promote, encourage, and facilitate the establishment of trail segments and connecting trails on State parklands and on lands of other federal, State, local, and private

landowners. On segments of the trail that cross property controlled by agencies or owners other than the Department's Division of Parks and Recreation, the laws, rules, and policies of those agencies or owners shall govern the use of the property. The requirement of G.S. 143B-135.54(b) that additions be accompanied by adequate appropriations for land acquisition, development, and operations shall not apply to the authorization set forth in this section; provided, however, that the State may receive donations of appropriate land and may purchase other needed lands or finance improvements and amenities for the trail with existing funds in the Clean Water Management Trust Fund, the Parks and Recreation Trust Fund, the federal Land and Water Conservation Fund, and other available sources of funding.

GREAT TRAILS STATE PROGRAM

SECTION 14.6.(a) Of the funds transferred from the State Fiscal Recovery Reserve to the Department of Natural and Cultural Resources for the 2023-2024 fiscal year for trails, twenty-five million dollars ($25,000,000) shall be allocated to the Great Trails Fund established in subsection (c) of this section for new trail development and extension of existing trails as described in that subsection.

SECTION 14.6.(b) Definitions. – The following definitions apply in this section:

(1) Department. – The Department of Natural and Cultural Resources.

(2) Eligible entity. – Any of the following:
   a. A municipality or county.
   b. A regional council of government created pursuant to Part 2 of Article 20 of Chapter 160A of the General Statutes.
   c. A public authority, as defined in G.S. 159-7.
   d. A nonprofit entity, provided the entity demonstrates in a manner acceptable to the Department that the unit or units of local government where the eligible trail project will be conducted have been notified of and support the trail project.

(3) Eligible trail project. – Any of the following:
   a. Planning, design, and related environmental assessment or permitting activities for trails.
   b. Land and easement acquisition for trails.
   c. Construction of trails and trail structures.
   d. Trail amenities.
   e. Maintenance activities, which includes rehabilitation of trails and trail structures, the installation of water bars, the relocation of eroded trail segments, and other activities that will mitigate erosion or deterioration of trails or prevent future erosion or deterioration of trails.
   f. Matching funds for grants awarded by the federal government or any other non-State source or entity to an eligible entity for any of the purposes set forth in this subdivision.

(4) Secretary. – The Secretary of the Department of Natural and Cultural Resources.

(5) Trail. – Includes paved trails or greenways, natural surface trails, biking trails, equestrian trails, and any other type of trail recognized by the Department. The term does not include a series of tourism attractions related to a particular theme that are jointly marketed based on that theme and are interconnected only by vehicular roadways.

(6) Trail amenities. – Markers, signage, benches, water fountains, restroom facilities, bathhouses, campsites, docks, boat ramps, parking facilities, picnic

facilities, equipment rental facilities, and other improvements or structures intended to enhance visitor experience for trail users.

(7) Trail structures. – Bridges, boardwalks, retaining walls and other structures that are necessary for visitors to use the trail to travel from one location to another. For paddle trails, trail structures includes waterway access points and watercraft launch structures.

SECTION 14.6.(c) Fund Created. – The Great Trails State Program is established as a special fund within the Department of Natural and Cultural Resources. These funds shall be used by the Department to provide grants to an eligible entity for eligible trail projects, with priority given to projects for the purposes set forth in sub-subdivisions a., b., and c. of subdivision (3) of subsection (b) of this section. The following requirements and limitations apply to these grants:

(1) The Department is authorized to accept applications for grants authorized by this section and evaluate them based on criteria that includes the amount of additional funding being provided from other sources for the proposed project, current access to trails and other outdoor recreational facilities in the area of the proposed project, and the size and demographics of the population served by the proposed project. Notwithstanding G.S. 143B-135.56, an eligible entity receiving a grant from the Department shall provide a match as set forth in this subsection.

(2) Match. – Grants shall be matched by an eligible entity receiving a grant as follows:

a. The Department may determine the amount of match based on the wealth of the county where the trail project is located. In the case of trail projects in more than one county, the match shall be based on the lowest wealth county.

b. The match shall be no greater than one non-State dollar ($1.00) for every one dollar ($1.00) from the Fund, and no less than one non-State dollar ($1.00) for every four dollars ($4.00) from the Fund.

c. The match may include cash, fee waivers, in-kind services, the donation of assets, the provision of infrastructure, or a combination of these. Non-cash matches must be quantifiable and documented in a manner as the Department may specify.

(3) Limitation. – Grants made under this subsection shall not exceed five hundred thousand dollars ($500,000) per project.

SECTION 14.6.(d) Reports. – The Department shall provide an initial report no later than October 1, 2023, to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division regarding the process for awarding grants and the metrics the Department intends to use in evaluating grant applications for the Great Trails Fund pursuant to this section. Thereafter, the Department shall report annually no later than October 11 regarding the use of funds allocated by this section. The annual report will include a list of grant recipients and amounts, a description of trail projects funded, and a summary of non-State funds leveraged with grant funding. The Department may discontinue annual reporting upon providing a final summary report after it awards all funds allocated by this section. These reports may be included as a part of the report required by G.S. 143B-135.102.

SECTION 14.6.(e) Administrative Expenses. – The Department may use up to one percent (1%) of the funds appropriated by this section for operating and administrative expenses.

COMPLETE THE TRAILS FUND

SECTION 14.7.(a) Of the funds transferred from the State Fiscal Recovery Reserve to the Department of Natural and Cultural Resources for the 2023-2024 fiscal year for trails, eight

million dollars ($8,000,000) shall be allocated to the Complete the Trails Fund to be used as set forth in subsection (c) of this section.

SECTION 14.7.(b) Definitions. – The following definitions apply in this section:

(1) Complete the Trails Fund. – The Complete the Trails Fund established in Section 14.7 of S.L. 2021-180.

(2) Department. – The Department of Natural and Cultural Resources.

(3) Eligible entity. – Any of the following:

a. A municipality or county.

b. A regional council of government created pursuant to Part 2 of Article 20 of Chapter 160A of the General Statutes.

c. A public authority, as defined in G.S. 159-7.

d. A nonprofit entity, provided the entity demonstrates in a manner acceptable to the Department that the unit or units of local government where the eligible trail project will be conducted have been notified of and support the trail project.

(4) Eligible trail project. – Any of the following:

a. Planning, design, and related environmental assessment or permitting activities for trails.

b. Land and easement acquisition for trails.

c. Construction of trails and trail structures.

d. Trail amenities.

e. Maintenance activities, which includes rehabilitation of trails and trail structures, the installation of water bars, the relocation of eroded trail segments, and other activities that will mitigate erosion or deterioration of trails or prevent future erosion or deterioration of trails.

f. Matching funds for grants awarded by the federal government or any other non-State source or entity to an eligible entity for any of the purposes set forth in this subdivision.

(5) Secretary. – The Secretary of the Department of Natural and Cultural Resources.

(6) Trail. – Includes paved trails or greenways, natural surface trails, biking trails, equestrian trails, and any other type of trail recognized by the Department. The term does not include a series of tourism attractions related to a particular theme that are jointly marketed based on that theme and are interconnected only by vehicular roadways.

(7) Trail amenities. – Markers, signage, benches, water fountains, restroom facilities, bathhouses, campsites, docks, boat ramps, parking facilities, picnic facilities, equipment rental facilities, and other improvements or structures intended to enhance visitor experience for trail users.

(8) Trail structures. – Bridges, boardwalks, retaining walls, and other structures that are necessary for visitors to use the trail to travel from one location to another. For paddle trails, trail structures include waterway access points and watercraft launch structures.

SECTION 14.7.(c) Complete the Trails Fund. – Funds allocated to the Complete the Trails Fund by subsection (a) of this section shall be used as follows:

(1) Capacity building funds. – Seven hundred thousand dollars ($700,000) to provide capacity building grants to the partner organizations for each component of the State Trail System with which the Department has signed a Memorandum of Understanding (MOU) pursuant to Section 14.7(d) of S.L. 2021-180 as well as the partner organization for the trail established on the

Saluda Grade rail corridor as set forth in Section 14.5 of this act. The Department shall distribute fifty thousand dollars ($50,000) to the local partner for each System component. Where there is more than one partner organization for a System, the Department shall apportion the funds under this subdivision based on relative scope of activity for which each partner organization assumes responsibility in the MOU.

(2) Directed allocations. – Two million eight hundred thousand dollars ($2,800,000) to provide grants in the following amounts to the following entities for an eligible trail project except as otherwise specified:

a. Two hundred thousand dollars ($200,000) to Roanoke River Partners for the Roanoke River State Trail for the purposes set forth in sub-subdivisions d. and e. of subdivision (b)(4) of this section.

b. Two hundred thousand dollars ($200,000) to the Friends of the Mountain-to-Sea Trail for the Mountains-to-Sea Trail. These funds shall be used for eligible trail projects in Bladen Lakes State Forest and eligible trail projects to extend the Mountains-to-Sea Trail east from Bladen Lakes State Forest.

c. Eight hundred thousand dollars ($800,000) to be split evenly between the Town of Brevard and Henderson County for the Ecusta Trail in Henderson and Transylvania Counties to be used for the purposes set forth in sub-subdivisions a., c., d., and f. of subdivision (b)(4) of this section.

d. Two hundred thousand dollars ($200,000) to the East Coast Greenway Alliance for the East Coast Greenway Trail for any eligible trail project in Bertie, Chowan, Perquimans, Pasquotank, or Camden Counties.

e. Two hundred thousand dollars ($200,000) to the Friends of Fonta Flora State Trail for the Fonta Flora State Trail for any eligible trail project.

f. Two hundred thousand dollars ($200,000) to Conserving Carolina for the Hickory Nut Gorge State Trail for any eligible trail project.

g. Two hundred thousand dollars ($200,000) to the Foothills Conservancy of N.C. for the Wilderness Gateway Trail for any eligible trail project.

h. Two hundred thousand dollars ($200,000) to OVNCST-Friends for the Overmountain Victory State Trail for any eligible trail project.

i. Two hundred thousand dollars ($200,000) to Blue Ridge Conservancy for the Northern Peaks State Trail for any eligible trail project.

j. One hundred thousand dollars ($100,000) each to the partner organizations for the Dan River, French Broad River, Yadkin River, and Deep River components of the State Trails System for any eligible trail project.

(3) Land and easement acquisition funds. – Two million dollars ($2,000,000) for grants for the purpose set forth in sub-subdivision b. of subdivision (b)(4) of this section, limited to acquisition of land or easements in North Carolina. Eligible entities for funds allocated under this subdivision are the partner organizations for each component of the State Trail System that is land-based or has significant land-based components. Grants under this subdivision shall not exceed two hundred thousand dollars ($200,000) and shall be matched dollar-for-dollar with non-State funds.

(4) Connecting trails. – Two million five hundred thousand dollars ($2,500,000) to provide grants for planning and development of connecting trails to eligible

local governments. For purposes of this subdivision, an "eligible local government" is a municipality that is (i) less than 25,000 in population and (ii) is located within 6 miles of an existing or planned segment of a component of the State Trails System. Two-thirds of the funds allocated by this subdivision shall be reserved for municipalities with a population less than 5,000 with no match required. The remaining funds allocated by this subdivision shall be reserved for other eligible local governments and shall be matched dollar-for-dollar with non-State funds. Grants under this subdivision shall not exceed one hundred thousand dollars ($100,000).

SECTION 14.7.(d) Reports. – The Department shall provide an initial report no later than October 1, 2023, to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division regarding the process for awarding grants and the metrics the Department intends to use in evaluating grant applications for the Complete the Trails Fund pursuant to this section. Thereafter, the Department shall report annually no later than October 11 regarding the use of funds allocated by this section. The annual report will include a list of grant recipients and amounts, a description of trail projects funded, and a summary of non-State funds leveraged with grant funding. The Department may discontinue annual reporting upon providing a final summary report after it awards all funds allocated by this section. These reports may be included as a part of the report required by G.S. 143B-135.102.

SECTION 14.7.(e) Administrative Expenses. – The Department may use up one percent (1%) of the funds appropriated by this section for operating and administrative expenses associated with the implementation of subdivisions (2), (3), and (4) of subsection (c) of this section.

PART XV. WILDLIFE RESOURCES COMMISSION

COMMISSION BASE BUDGET CORRECTION

SECTION 15.1. During the budget certification process for the 2023-2024 fiscal year, the Wildlife Resources Commission, in conjunction with the Office of State Budget and Management (OSBM), shall redistribute two million two hundred forty-nine thousand nine dollars ($2,249,009) from the over-realized receipts departmentwide reserve to the appropriate fund codes in the General Fund used to support Commission operations. In the redistribution of receipts directed by this section, the Commission and OSBM shall neither increase or decrease the Commission's net General Fund appropriation, nor create a negative General Fund appropriation at the fund code level.

RENAME OUTDOOR HERITAGE ADVISORY COUNCIL

SECTION 15.2.(a) Part 36 of Article 7 of Chapter 143B of the General Statutes reads as rewritten:

"Part 36. ~~Outdoor Heritage Advisory Council.~~North Carolina Youth Outdoor Engagement Commission.

"**§ 143B-344.60. ~~Outdoor heritage advisory council.~~North Carolina Youth Outdoor Engagement Commission.**

(a) The ~~Outdoor Heritage Advisory Council~~ North Carolina Youth Outdoor Engagement Commission (hereinafter "Commission") is established within the North Carolina Wildlife Resources Commission for organizational and budgetary purposes only. The ~~Council~~ Commission shall exercise all of its statutory powers independent of control by the Executive Director of the Wildlife Resources Commission. The ~~Council~~ Commission shall (i) advise State agencies and the General Assembly on the promotion of outdoor recreational activities, including, but not limited to, hiking, horseback riding, boating, sport shooting and archery, bird

watching and wildlife watching, camping, swimming, hunting, trapping, and fishing in order to preserve North Carolina's outdoor heritage for future ~~generations.~~generations and (ii) use grants and programming to promote the outdoor recreational activities described in this subsection.

(b) The ~~Council~~ Commission shall consist of 13 members, appointed as follows:

(1) Four members appointed by the General Assembly, upon the recommendation of the President Pro Tempore of the Senate.

(2) Four members appointed by the General Assembly, upon the recommendation of the Speaker of the House of Representatives.

(3) Three members appointed by the Governor.

(4) One member appointed by the Commissioner of Agriculture.

(5) One member appointed by the chair of the Wildlife Resources Commission.

All members of the ~~Council~~ Commission shall have knowledge and experience in outdoor recreational activities and have a demonstrated interest in promoting outdoor heritage.

(c) The terms of the initial members of the ~~Council~~ Commission shall commence October 1, 2015. Of the Governor's initial appointments, one member shall be designated to serve a term of three years, one member shall be designated to serve a term of two years, and one member shall be designated to serve a term of one year. Of the initial appointments by the President Pro Tempore of the Senate, one member shall be designated to serve a term of three years, one member shall be designated to serve a term of two years, and one member shall be designated to serve a term of one year. Of the initial appointments by the Speaker of the House of Representatives, one member shall be designated to serve a term of three years, one member shall be designated to serve a term of two years, and one member shall be designated to serve a term of one year. The members appointed by the Commissioner of Agriculture and the chair of the Wildlife Resources Commission shall each serve an initial term of four years. After the initial appointees' terms have expired, all members shall be appointed for a term of four years.

Any appointment to fill a vacancy on the ~~Council~~ Commission created by the resignation, dismissal, death, or disability of a member shall be for the balance of the unexpired term.

(d) The initial chair of the ~~Council~~ Commission shall be designated by the Governor from the ~~Council~~ Commission members. Subsequent chairs shall be elected by the ~~Council~~ Commission for terms of two years.

(e) The ~~Council~~ Commission shall meet quarterly and at other times at the call of the chair. A majority of members of the ~~Council~~ Commission shall constitute a quorum.

(f) ~~Council~~ Commission members shall be reimbursed for expenses incurred in the performance of their duties in accordance with G.S. 138-5 and G.S. 138-6, as applicable. The reimbursements authorized by this subsection may be provided from the North Carolina ~~Outdoor Heritage Trust Fund for Youth Outdoor Heritage Promotion.~~Youth Outdoor Engagement Fund.

(g) The Executive Director of the Wildlife Resources Commission shall provide clerical and other assistance as needed, including, but not limited to, office space, transportation support, and support for equipment and information technology needs of the ~~Council.~~Commission.

(h) The ~~Council~~ Commission shall be exempt from Article 3 of Chapter 143 of the General Statutes but may use the services of the Department of Administration in procuring goods and services for the ~~Council.~~Commission.

"**§ 143B-344.62. ~~Outdoor Heritage Advisory Council~~ North Carolina Youth Outdoor Engagement Commission – executive director; staff.**

The ~~Council~~ Commission may, subject to appropriations or other funds that accrue to it, employ an executive director to carry out the day-to-day responsibilities and business of the ~~Council.~~ Commission. The executive director shall serve at the pleasure of the ~~Council.~~ Commission. The executive director, also subject to appropriations or other funds that accrue to the ~~Council,~~ Commission, may hire additional staff and consultants to assist in the discharge of the executive director's responsibilities, as determined by the ~~Council.~~Commission.

"**§ 143B-344.64. ~~Outdoor Heritage Advisory Council~~ North Carolina Youth Outdoor Engagement Commission – report.**

On or before December 1, 2019, and at least annually thereafter, the ~~Council~~ Commission shall submit a report to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division regarding its activities, initiatives, partnerships, and use of donated and appropriated funds."

SECTION 15.2.(b) G.S. 126-5(c1)(36) reads as rewritten:

"(36) Employees of the ~~Outdoor Heritage Advisory Council.~~North Carolina Youth Outdoor Engagement Commission."

SECTION 15.2.(c) This section is effective when it becomes law.

PART XVI. ADMINISTRATIVE OFFICE OF THE COURTS

COLLECTION OF WORTHLESS CHECKS

SECTION 16.1. Notwithstanding the provisions of G.S. 7A-308(c), the Judicial Department may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2023, for the purchase or repair of office or information technology equipment during the 2023-2024 fiscal year and may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2024, for the purchase or repair of office or information technology equipment during the 2024-2025 fiscal year. Prior to using any funds under this section, the Judicial Department shall report to the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety and the Office of State Budget and Management on the equipment to be purchased or repaired and the reasons for the purchases.

MAGISTRATE/CLERK STAFFING PILOT PROJECT

SECTION 16.2.(a) Notwithstanding the minimum staffing number in G.S. 7A-133(c), the clerk of superior court in a county, with the written or emailed consent of the chief district court judge, may hire one deputy or assistant clerk in lieu of one of the magistrate positions allocated to that county. To provide accessibility for law enforcement and citizens, the clerk of superior court's office shall provide some of the services traditionally provided by the magistrates' office during some or all of the regular courthouse hours.

SECTION 16.2.(b) The Administrative Office of the Courts shall report by March 1, 2024, to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety regarding all hires made pursuant to subsection (a) of this section.

CLARIFY TRIAL COURT ADMINISTRATOR NUMBERS, LOCATIONS

SECTION 16.3.(a) G.S. 7A-355 reads as rewritten:

"**§ 7A-355. Trial court administrators.**

The following districts or sets of districts as defined in G.S. 7A-41.1(a) shall have trial court ~~administrators: Set of districts 10A, 10B, 10C, 10D; District 22, District 27B, and District 28, and such~~ administrators, including other districts or sets of districts as may be designated by the Administrative Office of the ~~Courts.~~Courts:

Set of districts	10A, 10B, 10C, 10D, 10E, 10F
Set of districts	12A, 12B, 12C
Set of districts	14A, 14B
Set of districts	18A, 18B, 18C, 18D, 18E
Set of districts	21A, 21B, 21C, 21D
Set of districts	26A, 26B, 26C, 26D, 26E, 26F, 26G, 26H
District	27B"

SECTION 16.3.(b) This section is effective when it becomes law.

TECHNICAL CHANGES TO ASSISTANT DISTRICT ATTORNEY ALLOCATIONS AND ADDITIONAL POSITION ADDED

SECTION 16.4.(a) G.S. 7A-60(a1) reads as rewritten:

"(a1) The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys set forth in the following table:

Prosecutorial District	No. of Full-Time Asst. District Counties	Attorneys
…		
10	Wake	~~44~~45
…		
14	Cumberland	~~25~~26
…		
26	Mecklenburg	~~58~~62
…		
31	Forsyth	~~27~~28
…		
37	Randolph	~~10~~11
…		
43	Cherokee, Clay, Graham, Haywood, Jackson, Macon, Swain."	~~15~~16

SECTION 16.4.(b) G.S. 7A-60(a1), as amended by subsection (a) of this section, reads as rewritten:

"(a1) The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys set forth in the following table:

Prosecutorial District	No. of Full-Time Asst. District Counties	Attorneys
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	12
2	Beaufort, Hyde, Martin, Tyrrell, Washington	8
3	Pitt	15
4	Carteret, Craven, Pamlico	14
5	Duplin, Jones, Onslow, Sampson	20
6	New Hanover, Pender	20
7	Bertie, Halifax, Hertford, Northampton	11
8	Edgecombe, Nash, Wilson	22
9	Greene, Lenoir, Wayne	16
10	Wake	45
11	Franklin, Granville, Person Vance, Warren	18
12	Harnett, Lee	12

13	Johnston	13
14	Cumberland	26
15	Bladen, Brunswick, Columbus	16
16	Durham	18
17	Alamance	12
18	Orange, Chatham	10
20	Robeson	13
21	Anson, Richmond, Scotland	11
22	Caswell, Rockingham	9
23	Stokes, Surry	9
24	Guilford	40
25	Cabarrus	~~10~~11
26	Mecklenburg	62
27	Rowan	9
28	Montgomery, Stanly	6
29	Hoke, Moore	10
30	Union	11
31	Forsyth	28
32	Alexander, Iredell	15
33	Davidson, Davie	13
34	Alleghany, Ashe, Wilkes, Yadkin	9
35	Avery, Madison, Mitchell, Watauga, Yancey	8
36	Burke, Caldwell, Catawba	21
37	Randolph	11
38	Gaston	19
39	Cleveland, Lincoln	13
40	Buncombe	14
41	McDowell, Rutherford	8
42	Henderson, Polk, Transylvania	10
43	Cherokee, Clay, Graham, Haywood, Jackson, Macon, Swain."	16

SECTION 16.4.(c) G.S. 7A-60(a1), as amended by subsections (a) and (b) of this section, reads as rewritten:

"(a1) The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys set forth in the following table:

Prosecutorial District	**Counties**	**No. of Full-Time Asst. District Attorneys**
…		
36	Burke, Caldwell	~~10~~11
…."		

SECTION 16.4.(d) Subsection (c) of this section becomes effective January 1, 2027. The remainder of this section becomes effective July 1, 2023.

TECHNICAL CORRECTION FOR MAGISTRATE ALLOCATION NUMBERS AND ADDITION OF ONE MAGISTRATE TO STANLY COUNTY

SECTION 16.5.(a) G.S. 7A-133(c) reads as rewritten:

"(c) Each county shall have the numbers of magistrates and additional seats of district court, as set forth in the following table:

County	Magistrates Min.	Additional Seats of Court
…		
Gates	~~2~~3	
…		
Martin	~~3~~4	
…		
Pitt	~~11.5~~13	Farmville Ayden
…		
Jones	~~2~~3	
…		
New Hanover	~~12~~14	
Pender	~~4.8~~5	
…		
Hertford	~~3~~4	
…		
Wake	~~23.5~~32	Apex, Wendell, Fuquay-Varina, Wake Forest
Harnett	~~8~~7	Dunn
…		
Cumberland	~~19~~20	
Bladen	~~3~~4	
…		
Durham	~~13~~18	
…		
Hoke	~~3~~4	
…		
Stokes	~~3~~4	
Surry	~~6~~5	Mt. Airy
Guilford	~~25.4~~32	High Point
Cabarrus	~~9~~10	Kannapolis
Montgomery	~~3~~4	
…		
Anson	~~3~~4	
…		
Forsyth	~~16~~20	Kernersville
Alexander	~~3~~4	
…		
Davie	~~3~~4	
…		
Alleghany	~~2~~3	
…		
Yadkin	~~3~~4	
…		
Mecklenburg	~~31.5~~38.5	

…	
Henderson	~~6.5~~7
McDowell	~~3~~4
…	
Transylvania	~~3~~4
Cherokee	~~3~~4
Clay	~~2~~3
Graham	~~2~~3
…	
Jackson	~~3~~4
Macon	~~3~~4
…."	

SECTION 16.5.(b) G.S. 7A-133(c), as amended by subsection (a) of this section, reads as rewritten:

"(c) Each county shall have the numbers of magistrates and additional seats of district court, as set forth in the following table:

	Magistrates	Additional
County	Min.	Seats of Court
…		
Stanly	~~5~~6	
…."		

SECTION 16.5.(c) This section becomes effective July 1, 2023.

MODIFY LOCAL JUDICIALLY MANAGED ACCOUNTABILITY AND RECOVERY COURT REPORTING AND MAKE TECHNICAL CORRECTION

SECTION 16.6.(a) G.S. 7A-801 reads as rewritten:

"**§ 7A-801. Monitoring and annual report.**

The Administrative Office of the Courts shall monitor all ~~State-recognized and funded~~ local judicially managed accountability and recovery courts, prepare an annual report on the implementation, operation, and effectiveness of the ~~statewide~~ State judicially managed accountability and recovery court program, and submit the report to the ~~General Assembly~~ chairs of the House and Senate Appropriations Committees on Justice and Public Safety by March 1 of each year. Each judicially managed accountability and recovery court and any court authorized to remain a drug treatment court under G.S. 7A-802, shall submit evaluation reports to the Administrative Office of the Courts as requested."

SECTION 16.6.(b) G.S. 7A-796 reads as rewritten:

"**§ 7A-796. Local judicially managed accountability and recovery court committees.**

Each judicial district choosing to establish a local judicially managed accountability and recovery court shall form a local judicially managed accountability and recovery court committee, which shall be comprised to assure representation appropriate to the type or types of local judicially managed accountability and recovery court operations to be conducted in the district and shall consist of persons appointed by the senior resident superior court judge with the concurrence of the chief district court judge and the district attorney for that district, chosen from the following list:

…

(20) Any other persons selected by the local ~~management~~ judicially managed accountability and recovery court committee.

The local ~~drug treatment~~ judicially managed accountability and recovery court ~~management~~ committee shall develop local guidelines and procedures, not inconsistent with the State

guidelines, that are necessary for the operation and evaluation of the local ~~drug treatment~~ judicially managed accountability and recovery court."

SECTION 16.6.(c) This section is effective when it becomes law.

ADD SUPERIOR COURT JUDGE TO SUPERIOR COURT DISTRICT 27A

SECTION 16.7.(a) G.S. 7A-41(a) reads as rewritten:

"(a) The counties of the State are organized into judicial divisions and superior court districts, and each superior court district has the counties, and the number of regular resident superior court judges set forth in the following table, and for districts of less than a whole county, as set out in subsection (b) of this section:

Judicial Division	Superior Court District	Counties	No. of Resident Judges
…			
Fifth	27A	Gaston	~~2~~3

…."

SECTION 16.7.(b) This section becomes effective January 1, 2025, and elections conducted in 2024 shall be held accordingly.

ADD VETERANS TREATMENT COURT PILOT PROGRAM IN GASTON COUNTY

SECTION 16.8.(a) Pilot Program. – The Administrative Office of the Courts, in coordination with the Gaston County District Attorney's Office, shall establish a pilot program in Gaston County that creates a judicially managed accountability and recovery court, as governed by Article 62 of Chapter 7A of the General Statutes. The goals of the accountability and recovery court shall be to reduce alcoholism and other substance abuse and dependencies among offenders; to reduce recidivism; to reduce the drug-related court workload; to reduce the mental, behavioral, or medical health-related court workload; to increase the personal, familial, and societal accountability of offenders; and to promote effective interaction, collaboration, coordination, and use of resources among criminal justice personnel. The judicially managed accountability and recovery court shall prioritize participation of offenders that are veterans of the Armed Forces of the United States.

SECTION 16.8.(b) Report. – The Administrative Office of the Courts shall report to the Joint Legislative Oversight Committee on Justice and Public Safety and its chairs on the results of the Gaston County pilot program, including the number of individuals who participated in the program in the prior year, no later than February 1 of each year following a year in which the pilot program receives funding from the State.

SECTION 16.8.(c) Policy. – It is the intent of the General Assembly that appropriations made to aid Gaston County in the original creation and operation of the county's judicially managed accountability and recovery court will not continue beyond the 2024-2025 fiscal year but will instead be replaced by local expenditures, grants, and other available funding sources.

SECTION 16.8.(d) This section becomes effective July 1, 2023.

REPORTING REQUIREMENT FOR THE NC LEGAL EDUCATION ASSISTANCE FOUNDATION (NC LEAF)

SECTION 16.9.(a) No later than February 1 of each year, the NC Legal Education Assistance Foundation (NC LEAF) shall report to the Joint Legislative Oversight Committee on Justice and Public Safety, at a minimum, all of the following:

(1) An accounting of all loan repayment assistance funds distributed during the prior year.

(2) The number of individuals that received funds from the Foundation during the prior year.
(3) The job titles and salaries of the individuals that received funds from the Foundation during the prior year.

SECTION 16.9.(b) This section is effective when it becomes law.

REPORTING REQUIREMENT FOR PISGAH LEGAL SERVICES

SECTION 16.10.(a) No later than February 1 of each year, Pisgah Legal Services (Pisgah) shall report to the Joint Legislative Oversight Committee on Justice and Public Safety, at a minimum, all of the following:

(1) An accounting of all State funds utilized by Pisgah for its Veterans Law Project during the prior year.
(2) The number of individuals that received services from Pisgah as a part of its Veterans Law Project during the prior year.
(3) The types of services performed by Pisgah during the prior year as a part of its Veterans Law Project and the counties in which those services were performed.

SECTION 16.10.(b) This section is effective when it becomes law.

INCLUDE PUBLIC DEFENDER SERVICE IN SUPERIOR COURT JUDGE LONGEVITY CALCULATION

SECTION 16.11.(a) G.S. 7A-44(b) reads as rewritten:

"(b) In lieu of merit and other increment raises paid to regular State employees, a judge of the superior court, regular or special, shall receive as longevity pay an annual amount equal to four and eight-tenths percent (4.8%) of the annual salary set forth in the Current Operations Appropriations Act payable monthly after five years of service, nine and six-tenths percent (9.6%) after 10 years of service, fourteen and four-tenths percent (14.4%) after 15 years of service, nineteen and two-tenths percent (19.2%) after 20 years of service, and twenty-four percent (24%) after 25 years of service. "Service" means service as ~~a~~ any of the following:

(1) A justice or judge of the General Court of ~~Justice, as a~~ Justice.
(2) A member of the Utilities ~~Commission, as an~~ Commission.
(3) An administrative law ~~judge, or as~~ judge.
(4) The director or assistant director of the Administrative Office of the Courts. ~~Service shall also mean service as a~~
(5) A district ~~attorney or as a~~ attorney.
(6) A public defender.
(7) A clerk of superior court."

SECTION 16.11.(b) This section becomes effective July 1, 2023, and applies to time served before, on, or after that date.

REQUIRE REPORTING ON REMOTE WORK POLICIES AND PARTICIPATION

SECTION 16.12.(a) The Administrative Office of the Courts shall maintain and shall furnish upon request a remote work policy.

SECTION 16.12.(b) The remote work policies required by subsection (a) of this section shall, at a minimum, require that all employees utilizing the remote work policy shall sign an agreement to be retained in the employee's file that records the employee's assent to adhere to the remote work policy.

SECTION 16.12.(c) The Administrative Office of the Courts shall report all of the following to the Joint Legislative Oversight Committee on Justice and Public Safety no later than March 1 of each year:

(1) The remote work policy currently in place for its employees.

(2) Any remote work policy previously in place for its employees that was not a part of the most recent report required by this subsection.
(3) The total number of employees utilizing its remote work policy.
(4) The total number of employees utilizing its remote work policy, delineated by division, section, and any other organizational category.

SECTION 16.12.(d) This section becomes effective October 1, 2023.

REQUIRE REPORT ON RECOVERY COURT STUDY RESULTS

SECTION 16.13.(a) The Administrative Office of the Courts shall study existing judicially managed accountability and recovery courts (JMARCs), including those drug treatment courts and JMARCs partially or fully exempted from Article 62 of Chapter 7A of the General Statutes under G.S. 7A-802.

SECTION 16.13.(b) No later than April 1, 2024, the Administrative Office of the Courts shall report on the results of the study required by subsection (a) of this section to the following entities:

(1) The Joint Legislative Oversight Committee on Health and Human Services.
(2) The Joint Legislative Oversight Committee on Justice and Public Safety.
(3) The chairs of the House and Senate Appropriations Committees on Health and Human Services.
(4) The chairs of the House and Senate Appropriations Committees on Justice and Public Safety.

SECTION 16.13.(c) The report required by subsection (b) of this section shall include, at a minimum, each of the following:

(1) Executive summary of the study and its findings.
(2) Summary of each JMARC's operating model.
(3) Summary of each JMARC's funding sources.
(4) Analysis of demand and capacity for each JMARC.
(5) Summary of need and local interest for additional JMARCs.
(6) Feasibility of JMARCs operating across counties and across judicial districts.
(7) Proposed JMARC expansion plan.
(8) List of funding sources to support the expansion plan outlined in subdivision (7) of this subsection.

SECTION 16.13.(d) This section is effective when it becomes law.

RAISE MANDATORY RETIREMENT AGE FOR APPELLATE JUDGES

SECTION 16.14.(a) Article 1B of Chapter 7A of the General Statutes is repealed.

SECTION 16.14.(b) G.S. 7A-5 reads as rewritten:

"**§ 7A-5. ~~Organization.~~Organization and age limit for service as justice or judge.**

(a) The appellate division of the General Court of Justice consists of the Supreme Court and the Court of Appeals.

(b) No justice or judge of the appellate division of the General Court of Justice may continue in office beyond the last day of the month in which the justice or judge attains 76 years of age, but justices and judges so retired may be recalled for periods of temporary service as provided in this Subchapter."

SECTION 16.14.(c) G.S. 7A-39.3(a) reads as rewritten:

"(a) Justices of the Supreme Court and judges of the Court of Appeals who have not reached the mandatory retirement age specified in ~~G.S. 7A-4.20,~~ G.S. 7A-5(b), but who have retired under the provisions of G.S. 7A-39.2, or under the Uniform Judicial Retirement Act after having completed 12 years of creditable service, may apply as provided in G.S. 7A-39.6 to become emergency justices or judges and upon being commissioned as an emergency justice or

emergency judge shall be subject to temporary recall to active service in place of a justice or judge who is temporarily incapacitated as provided in G.S. 7A-39.5."

SECTION 16.14.(d) G.S. 7A-39.6 reads as rewritten:

"**§ 7A-39.6. Application to the Governor; commission as emergency justice or emergency judge.**

No retired justice of the Supreme Court or retired judge of the Court of Appeals may become an emergency justice or emergency judge except upon his written application to the Governor certifying his desire and ability to serve as an emergency justice or emergency judge. If the Governor is satisfied that the applicant qualifies under G.S. 7A-39.3(a) to become an emergency justice or emergency judge and that he is physically and mentally able to perform the official duties of an emergency justice or emergency judge, he shall issue to such applicant a commission as an emergency justice or emergency judge of the court from which he retired. The commission shall be effective upon the date of its issue and shall terminate when the judge to whom it is issued reaches the maximum age for judicial service under ~~G.S. 7A-4.20(a).~~G.S. 7A-5(b)."

SECTION 16.14.(e) G.S. 7A-39.15(a) reads as rewritten:

"(a) A retired justice or judge of the Appellate Division of the General Court of Justice is eligible to be appointed as an emergency recall judge of the Court of Appeals ~~under~~ if the justice or judge meets each of the following ~~circumstances:~~requirements:

(1) The justice or judge has retired under the provisions of the Consolidated Judicial Retirement Act, Article 4 of Chapter 135 of the General Statutes, or is eligible to receive a retirement allowance under that ~~act;~~act.

(2) The justice or judge has not reached the mandatory retirement age specified in ~~G.S. 7A-4.20;~~G.S. 7A-5(b).

(3) The justice or judge has served a total of at least five years as a judge or justice of the General Court of Justice, provided that at least six months was served in the Appellate Division, whether or not otherwise eligible to serve as an emergency justice or judge of the Appellate Division of the General Court of ~~Justice;~~Justice.

(4) The judicial service of the justice or judge ended within the preceding 15 ~~years; and~~years.

(5) The justice or judge has applied to the Governor for appointment as an emergency recall judge of the Court of Appeals in the same manner as is provided for application in G.S. 7A-53. If the Governor is satisfied that the applicant meets the requirements of this section and is physically and mentally able to perform the duties of a judge of the Court of Appeals, the Governor shall issue a commission appointing the applicant as an emergency recall judge of the Court of Appeals until the applicant reaches the mandatory retirement age for judges of the Court of Appeals specified in ~~G.S. 7A-4.20.~~G.S. 7A-5(b).

Any former justice or judge of the Appellate Division of the General Court of Justice who otherwise meets the requirements of this section to be appointed an emergency recall judge of the Court of Appeals, but who has already reached the mandatory retirement age for judges of the Court of Appeals set forth in ~~G.S. 7A-4.20,~~ G.S. 7A-5(b), may apply to the Governor to be appointed as an emergency recall judge of the Court of Appeals as provided in this section. If the Governor issues a commission to the applicant, the retired justice or judge is subject to recall as an emergency recall judge of the Court of Appeals as provided in this section."

SECTION 16.14.(f) Article 7 of Chapter 7A of the General Statutes is amended by adding a new section to read:

"**§ 7A-40.1. Age limit for service as superior court judge; exception.**

No superior court judge may continue in office beyond the last day of the month in which the superior court judge attains 72 years of age, but superior court judges so retired may be recalled for periods of temporary service as provided in this Subchapter."

SECTION 16.14.(g) G.S. 7A-45.2 reads as rewritten:

"**§ 7A-45.2. Emergency special judges of the superior court; qualifications, appointment, removal, and authority.**

(a) Any justice or judge of the appellate division of the General Court of Justice ~~who:~~that meets each of the following requirements may apply to the Governor for appointment as an emergency special superior court judge in the same manner as is provided for application as an emergency superior court judge in G.S. 7A-53:

(1) Retires under the provisions of the Consolidated Judicial Retirement Act, Article 4 of Chapter 135 of the General Statutes, or who is eligible to receive a retirement allowance under that ~~act;~~act.

(2) Has not reached the mandatory retirement age specified in ~~G.S. 7A-4.20;~~G.S. 7A-5(b).

(3) Has served at least five years as a superior court judge or five years as a justice or judge of the appellate division of the General Court of Justice, or any combination thereof, whether or not eligible to serve as an emergency justice or judge of the appellate division of the General Court of ~~Justice; and~~Justice.

(4) Whose judicial service ended within the preceding 10 ~~years;~~years.

~~may apply to the Governor for appointment as an emergency special superior court judge in the same manner as is provided for application as an emergency superior court judge in G.S. 7A-53.~~ If the Governor is satisfied that the applicant meets the requirements of this section and is physically and mentally able to perform the duties of a superior court judge, the Governor shall issue a commission appointing the applicant as an emergency special superior court judge until the applicant reaches the mandatory retirement age for superior court judges specified in ~~G.S. 7A-4.20.~~G.S. 7A-40.1.

(b) Any emergency special superior court judge appointed as provided in this section shall:

(1) Have the same powers and duties, when duly assigned to hold court, as provided for an emergency superior court judge by ~~G.S. 7A-48;~~G.S. 7A-48.

(2) Be subject to assignment in the same manner as provided for an emergency superior court judge by G.S. 7A-46 and ~~G.S. 7A-52(a);~~G.S. 7A-52(a).

(3) Receive the same compensation, expenses, and allowances, when assigned to hold court, as an emergency superior court judge as provided by ~~G.S. 7A-52(b);~~G.S. 7A-52(b).

(4) Be subject to the provisions and requirements of the Canons of Judicial ~~Conduct; and~~Conduct.

…

(c) Upon reaching mandatory retirement age for superior court judges as set forth in ~~G.S. 7A-4.20,~~ G.S. 7A-40.1, any emergency special superior court judge appointed pursuant to this section, whose commission has expired, may be recalled as a recalled emergency special superior court judge to preside over any regular or special session of the superior court ~~under~~ if each of the following ~~circumstances:~~requirements is satisfied:

(1) The judge shall consent to the ~~recall;~~recall.

(2) The Chief Justice may order the ~~recall;~~recall.

(3) Prior to ordering recall, the Chief Justice shall be satisfied that the recalled judge is capable of efficiently and promptly discharging the duties of the office to which ~~recalled;~~recalled.

(4) Jurisdiction of a recalled emergency special superior court judge is as set forth in ~~G.S. 7A-48;~~G.S. 7A-48.

(5) Orders of recall and assignment shall be in writing and entered upon the minutes of the court to which ~~assigned; and~~the judge is assigned.

…

(d) Any former justice or judge of the appellate division of the General Court of Justice who otherwise meets the requirements of subsection (a) of this section to be appointed an emergency special superior court judge but has already reached the mandatory retirement age for superior court judges set forth in ~~G.S. 7A-4.20~~ G.S. 7A-40.1 on retirement may, in lieu of serving as an emergency judge of the court from which he retired, apply to the Governor to be appointed as an emergency special superior court judge as provided in this section. If the Governor issues a commission to the applicant, the retired justice or judge is subject to recall as an emergency special superior court judge as provided in subsection (c) of this section.

…."

SECTION 16.14.(h) G.S. 7A-52(a) reads as rewritten:

"(a) Judges of the district court and judges of the superior court who have not reached the mandatory retirement age specified in ~~G.S. 7A-4.20,~~ G.S. 7A-40.1 and G.S. 7A-140.1, respectively, but who have retired under the provisions of G.S. 7A-51, or under the Uniform Judicial Retirement Act after having completed five years of creditable service, may apply as provided in G.S. 7A-53 to become emergency judges of the court from which they retired. From the commissioned emergency district, superior, and special superior court judges, the Chief Justice of the Supreme Court shall create two lists of active emergency judges and two lists of inactive emergency judges. For emergency superior and special superior court judges, the active list shall be limited to a combined total of 10 emergency judges; all other emergency superior and special superior court judges shall be on an inactive list. For emergency district court judges, the active list shall be limited to 25 emergency judges; all other emergency district court judges shall be on an inactive list. There is no limit to the number of emergency judges on either inactive list. In the Chief Justice's discretion, emergency judges may be added or removed from their respective active and inactive lists, as long as the respective numerical limits on the active lists are observed. The Chief Justice is requested to consider geographical distribution in assigning emergency judges to an active list but may utilize any factor in determining which emergency judges are assigned to an active list. The Chief Justice of the Supreme Court may order any emergency district, superior, or special superior court judge on an active list who, in ~~his~~ the Chief Justice's opinion, is competent to perform the duties of a ~~judge,~~ judge and to hold regular or special sessions of the court from which the judge retired, as needed. Order of assignment shall be in writing and entered upon the minutes of the court to which ~~such~~ the emergency judge is assigned. An emergency judge shall only be assigned in the event of a:

…."

SECTION 16.14.(i) G.S. 7A-53 reads as rewritten:

"**§ 7A-53. Application to the Governor; commission as emergency judge.**

No retired judge of the district or superior court may become an emergency judge except upon ~~his~~ the judge's written application to the Governor certifying ~~his~~ the judge's desire and ability to serve as an emergency judge. If the Governor is satisfied that the applicant qualifies under G.S. 7A-52(a) to become an emergency judge and ~~that he~~ the applicant is physically and mentally able to perform the official duties of an emergency judge, ~~he~~ the Governor shall issue to ~~such~~ the applicant a commission as an emergency judge of the court from which ~~he~~ the applicant retired. The commission shall be effective upon the date of its issue and shall terminate when the judge to whom it is issued reaches the maximum age for judicial service under ~~G.S. 7A-4.20(a).~~G.S. 7A-40.1 or G.S. 7A-140.1, whichever is applicable."

SECTION 16.14.(j) Article 14 of Chapter 7A of the General Statutes is amended by adding a new section to read:

"**§ 7A-140.1. Age limit for service as district judge; exception.**

No district judge may continue in office beyond the last day of the month in which the district judge attains 72 years of age, but district judges so retired may be recalled for periods of temporary service as provided in this Subchapter."

SECTION 16.14.(k) G.S. 7A-170(b) reads as rewritten:

"(b) No magistrate may continue in office beyond the last day of the month in which the magistrate reaches the mandatory retirement age for ~~justices and~~ district judges ~~of the General Court of Justice~~ specified in ~~G.S. 7A-4.20.~~G.S. 7A-140.1."

SECTION 16.14.(*l*) G.S. 135-57(b) reads as rewritten:

"(b) Any member who is a justice or judge of the General Court of Justice shall be automatically retired as of the ~~first~~ last day of the calendar month ~~coinciding with or next following the later of January 1, 1974, or his attainment of his seventy-second birthday; provided, however, that no judge who is a member on January 1, 1974, shall be forced to retire under the provisions of this subsection at an earlier date than the last day that he is permitted to remain in office under the provisions of G.S. 7A-4.20.~~in which the justice or judge reaches the maximum age for judicial service under G.S. 7A-5(b), 7A-40.1, or 7A-140.1, whichever is applicable."

SECTION 16.14.(m) This section is effective when it becomes law and applies to justices, judges, and magistrates serving on or after that date, provided that nothing in this section shall be construed to automatically halt the retirement process of a justice, judge, or magistrate that has already initiated that process.

PART XVII. INDIGENT DEFENSE SERVICES

NEW PUBLIC DEFENDER DISTRICTS

SECTION 17.1.(a) G.S. 7A-498.7(a) reads as rewritten:

"(a) The following counties of the State are organized into the defender districts listed below, and in each of those defender districts an office of public defender is established:

Defender District	Counties
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans
2	Beaufort, Hyde, Martin, Tyrell, Washington
3A	Pitt
3B	Craven, Pamlico, Carteret
5	New Hanover, Pender
6	Bertie, Halifax, Hertford, Northampton
10	Wake
12	Cumberland
13B	Brunswick
14	Durham
15B	Orange, Chatham
16A	Scotland, Hoke
16B	Robeson
18	Guilford
21	Forsyth
22A	Alexander, Iredell
26	Mecklenburg
27A	Gaston
27B	Cleveland, Lincoln

28	Buncombe
29A	McDowell, Rutherford
29B	Henderson, Polk, Transylvania

After notice to, and consultation with, the affected district bar, senior resident superior court judge, and chief district court judge, the Commission on Indigent Defense Services may recommend to the General Assembly that a district or regional public defender office be established. A legislative act is required in order to establish a new office or to abolish an existing office."

SECTION 17.1.(b) G.S. 7A-498.7(a), as amended by subsection (a) of this section, reads as rewritten:

"(a) The following counties of the State are organized into the defender districts listed below, and in each of those defender districts an office of public defender is established:

Defender District	**Counties**
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans
2	Beaufort, Hyde, Martin, Tyrell, Washington
3A	Pitt
3B	Craven, Pamlico, Carteret
5	New Hanover, Pender
6	Bertie, Halifax, Hertford, Northampton
10	Wake
11B	Johnston
12	Cumberland
13B	Brunswick
14	Durham
15B	Orange, Chatham
16A	Scotland, Hoke
16B	Robeson
18	Guilford
21	Forsyth
22A	Alexander, Iredell
26	Mecklenburg
27A	Gaston
27B	Cleveland, Lincoln
28	Buncombe
29A	McDowell, Rutherford
29B	Henderson, Polk, Transylvania

After notice to, and consultation with, the affected district bar, senior resident superior court judge, and chief district court judge, the Commission on Indigent Defense Services may recommend to the General Assembly that a district or regional public defender office be established. A legislative act is required in order to establish a new office or to abolish an existing office."

SECTION 17.1.(c) The Office of Indigent Defense Services may use up to the sum of one million three hundred sixteen thousand three hundred twenty-five dollars ($1,316,325) of funds appropriated in this act under Budget Code 12001, Fund Code 1310, to create 18 new

positions for Public Defender District 6 created in subsection (a) of this section. These positions shall include the public defender, up to 11 assistant public defenders, and up to six support positions.

SECTION 17.1.(d) The Office of Indigent Defense Services may use up to the sum of eight hundred forty-four thousand dollars ($844,000) of funds appropriated in this act under Budget Code 12001, Fund Code 1310, to create 12 new positions for Public Defender District 11B created in subsection (b) of this section. These positions shall include the public defender, up to seven assistant public defenders, and up to four support positions.

SECTION 17.1.(e) The Office of Indigent Defense Services may use up to the sum of nine hundred ten thousand dollars ($910,000) of funds appropriated in this act under Budget Code 12001, Fund Code 1310, to create 14 new positions for Public Defender District 13B created in subsection (a) of this section. These positions shall include the public defender, up to eight assistant public defenders, and up to five support positions.

SECTION 17.1.(f) The Office of Indigent Defense Services may use up to the sum of one million four hundred ninety-three thousand dollars ($1,493,000) of funds appropriated in this act under Budget Code 12001, Fund Code 1310, to create 20 new positions for Public Defender District 22A created in subsection (a) of this section. These positions shall include the public defender, up to 12 assistant public defenders, and up to seven support positions.

SECTION 17.1.(g) Subsections (b) and (d) of this section become effective July 1, 2024. The remainder of this section becomes effective July 1, 2023.

REQUIRE REPORTING ON REMOTE WORK POLICIES AND PARTICIPATION

SECTION 17.2.(a) The Office of Indigent Defense Services shall maintain and shall furnish upon request a remote work policy.

SECTION 17.2.(b) The remote work policies required by subsection (a) of this section shall, at a minimum, require that all employees utilizing the remote work policy shall sign an agreement to be retained in the employee's file that records the employee's assent to adhere to the remote work policy.

SECTION 17.2.(c) The Office of Indigent Defense Services shall report all of the following to the Joint Legislative Oversight Committee on Justice and Public Safety no later than March 1 of each year:

(1) The remote work policy currently in place for its employees.

(2) Any remote work policy previously in place for its employees that was not a part of the most recent report required by this subsection.

(3) The total number of employees utilizing its remote work policy.

(4) The total number of employees utilizing its remote work policy, delineated by division, section, and any other organizational category.

SECTION 17.2.(d) This section becomes effective October 1, 2023.

ALLOW THE ADMINISTRATIVE OFFICE OF THE COURTS TO SHARE CERTAIN INFORMATION WITH THE OFFICE OF INDIGENT DEFENSE SERVICES

SECTION 17.3.(a) G.S. 132-1.4(k) reads as rewritten:

"(k) The following court records are public records and may be withheld only when sealed by court order: ~~arrest~~

(1) Arrest and search warrants that have been returned by law enforcement ~~agencies,~~ agencies.

(2) ~~indictments,~~ Indictments.

(3) ~~criminal summons,~~ Criminal summonses.

(4) ~~and nontestimonial~~ Nontestimonial identification orders.

Nothing in this subsection shall preclude the Administrative Office of the Courts from entering into a sharing agreement with the Office of Indigent Defense Services for the purpose of generating reliable statistical information to evaluate services provided."

SECTION 17.3.(b) This section is effective when it becomes law.

PART XVIII. JUSTICE

CREATE LEGISLATIVE STUDY COMMITTEE ON THE STATE CRIME LAB

SECTION 18.1A.(a) There is established a Joint Legislative Study Committee on the State Crime Lab (Committee). The Committee shall study and propose possible administrative and organizational locations for the State Crime Lab within North Carolina government.

SECTION 18.1A.(b) The Committee shall consist of 12 members. These members shall be appointed as follows:

(1) Six members appointed by the Speaker of the House of Representatives (Speaker). Five of the Speaker appointees shall be members of the North Carolina General Assembly, two of whom shall be members of the minority political party, and one Speaker appointee shall be a member of the public that either currently serves or at one time served in a scientific or managerial role at the State Crime Lab.

(2) Six members appointed by the President Pro Tempore of the Senate (President Pro Tem). Five of the President Pro Tem appointees shall be members of the North Carolina General Assembly, two of whom shall be members of the minority political party, and one President Pro Tem appointee shall be a member of the public that either currently serves or at one time served in a scientific or managerial role at the State Crime Lab.

The Speaker and the President Pro Tem shall each appoint a cochair for the Committee. A quorum of the Committee is a majority of its members.

SECTION 18.1A.(c) Members of the Committee shall receive per diem, subsistence, and travel allowances in accordance with G.S. 120-3.1 or G.S. 138-5, as appropriate.

SECTION 18.1A.(d) Subject to the approval of the Legislative Services Commission, the Committee may meet in the State Legislative Building or the Legislative Office Building. The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist in the work of the Committee. The House of Representatives' and the Senate's Directors of Legislative Assistants shall assign clerical staff to the Committee, and the expenses relating to the clerical employees shall be borne by the Committee. The Committee, while in the discharge of its official duties, may exercise all the powers provided under the provisions of G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4, including the power to request all officers, agents, agencies, and departments of the State to provide any information, data, or documents within their possession, ascertainable from their records, or otherwise available to them and the power to subpoena witnesses. The appointing authority shall fill vacancies.

SECTION 18.1A.(e) In developing proposals of possible administrative and organizational locations for the State Crime Lab within North Carolina government, the Committee shall at a minimum consider each of the following:

(1) The location that will best serve the interests of justice as it relates to the work performed by the State Crime Lab, including its ability to remain an unbiased and objective source of evidentiary analysis.

(2) The location that will provide the most operational efficiencies for the State Crime Lab.

SECTION 18.1A.(f) The Committee may report its findings and recommendations to the General Assembly in an interim report by April 1, 2024, and shall make a final report by December 1, 2024, and shall terminate upon the earlier of December 1, 2024, or the filing of its final report.

SECTION 18.1A.(g) This section is effective when it becomes law.

REQUIRE REPORTING ON REMOTE WORK POLICIES AND PARTICIPATION

SECTION 18.2.(a) The Department of Justice shall maintain and shall furnish upon request a remote work policy.

SECTION 18.2.(b) The remote work policies required by subsection (a) of this section shall, at a minimum, require that all employees utilizing the remote work policy shall sign an agreement to be retained in the employee's file that records the employee's assent to adhere to the remote work policy.

SECTION 18.2.(c) The Department of Justice shall report all of the following to the Joint Legislative Oversight Committee on Justice and Public Safety no later than March 1 of each year:

(1) The remote work policy currently in place for its employees.
(2) Any remote work policy previously in place for its employees that was not a part of the most recent report required by this subsection.
(3) The total number of employees utilizing its remote work policy.
(4) The total number of employees utilizing its remote work policy, delineated by division, section, and any other organizational category.

SECTION 18.2.(d) This section becomes effective October 1, 2023.

PART XIX. ADULT CORRECTION [RESERVED]

PART XIX-A. DEPARTMENT OF ADULT CORRECTION ADMINISTRATION

NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES

SECTION 19A.1.(a) Notwithstanding any other provision of law, and except as otherwise provided in subsection (b) of this section, the Office of State Budget and Management shall not transfer any positions, personnel, or funds from the Department of Adult Correction to any other State agency during the 2023-2025 fiscal biennium unless the transfer was included in the base budget for one or both fiscal years of the biennium.

SECTION 19A.1.(b) This section shall not apply to consolidation of information technology positions into the Department of Information Technology pursuant to G.S. 143B-1325.

STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM FUNDING TRANSFER

SECTION 19A.2. Of the funds appropriated in this act for the Statewide Misdemeanant Confinement Program:

(1) The sum of one million dollars ($1,000,000) shall be transferred each fiscal year to the North Carolina Sheriffs' Association, Inc., a nonprofit corporation, to support the Program and for administrative and operating expenses of the Association and its staff.
(2) The sum of two hundred twenty-five thousand dollars ($225,000) shall be allocated each fiscal year to the Department of Adult Correction for its administrative and operating expenses for the Program.
(3) Up to the sum of two hundred fifty thousand dollars ($250,000) may be used in each fiscal year of the 2023-2025 fiscal biennium to reimburse sheriffs

utilizing inmate labor pursuant to the provisions of Section 19C.10 of S.L. 2021-180.

REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL EXPENSES

SECTION 19A.3. Notwithstanding G.S. 143C-6-9, the Department of Adult Correction may use funds available to the Department for the 2023-2025 fiscal biennium to reimburse counties for the cost of housing convicted inmates, parolees, and post-release supervisees awaiting transfer to the State prison system, as provided in G.S. 148-29. The reimbursement may not exceed forty dollars ($40.00) per day per prisoner awaiting transfer. Beginning October 1, 2023, the Department shall report quarterly to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety and the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety on the expenditure of funds to reimburse counties for prisoners awaiting transfer.

REQUIRE REPORTING ON REMOTE WORK POLICIES AND PARTICIPATION

SECTION 19A.4.(a) The Department of Adult Correction shall maintain and shall furnish upon request a remote work policy.

SECTION 19A.4.(b) The remote work policies required by subsection (a) of this section shall, at a minimum, require that all employees utilizing the remote work policy shall sign an agreement to be retained in the employee's file that records the employee's assent to adhere to the remote work policy.

SECTION 19A.4.(c) The Department of Adult Correction shall report all of the following to the Joint Legislative Oversight Committee on Justice and Public Safety no later than March 1 of each year:

(1) The remote work policy currently in place for its employees.

(2) Any remote work policy previously in place for its employees that was not a part of the most recent report required by this subsection.

(3) The total number of employees utilizing its remote work policy.

(4) The total number of employees utilizing its remote work policy, delineated by division, section, and any other organizational category.

SECTION 19A.4.(d) This section becomes effective October 1, 2023.

PART XIX-B. PRISONS

CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT

SECTION 19B.1. The Department of Adult Correction may continue to contract with The Center for Community Transitions, Inc., a nonprofit corporation, for the purchase of prison beds for minimum security female inmates during the 2023-2025 fiscal biennium. The Center for Community Transitions, Inc., shall report by February 1 of each year to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety on the annual cost per inmate and the average daily inmate population compared to bed capacity using the same methodology as that used by the Department of Adult Correction.

NURSE STAFFING AT STATE PRISONS REPORT

SECTION 19B.2.(a) The Department of Adult Correction shall report the following information to the Joint Legislative Oversight Committee on Justice and Public Safety by February 1, 2024, and by February 1, 2025:

(1) The total number of permanent nursing positions allocated to the Department, the number of filled positions, the number of positions that have been vacant for more than six months, and information regarding the location of both filled and vacant positions.

(2) The extent to which temporary contract services are being used to staff vacant nursing positions, the method for funding the contract services, and any cost differences between the use of permanent employees versus contract employees.

(3) A progress report on the implementation of its plan to (i) reduce the use of contract services to provide nursing in State prisons and (ii) attract and retain qualified nurses for employment in permanent positions in State prisons.

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

DEPARTMENT REPORT ON PRISON PERSONNEL MATTERS

SECTION 19B.3. The Department of Adult Correction shall report the following information to the Joint Legislative Oversight Committee on Justice and Public Safety by February 1, 2024, and by February 1, 2025:

(1) The number of Department employees charged with the commission of a criminal offense committed in a State prison and during the employee's work hours. The information shall be provided by State facility and shall specify the offense charged and the outcome of the charge.

(2) The number of employees disciplined, demoted, or separated from service due to personal misconduct. To the extent it does not disclose confidential personnel records, the information shall be organized by type of misconduct, nature of corrective action taken, and outcome of the corrective action.

(3) The hiring and screening process, including any required credentials or skills, criminal background checks, and personality assessments. The information shall also include the process the Department uses to verify the information provided by an applicant.

DOT CONTRACT OF INMATE LITTER CREW

SECTION 19B.4.(a) After the issuance of a request for information (RFI) and receipt of bids by the Department of Transportation for litter pickup on State highways and roads, the Department of Transportation shall first offer the contract to the Department of Adult Correction upon the same terms and conditions as the most favorable bid received by the Department of Transportation from a suitable contractor. The Department of Adult Correction shall have 30 days to accept or decline the offered contract.

SECTION 19B.4.(b) It is the policy of the General Assembly that the Department of Transportation shall utilize inmate litter crews for litter pickup on State highways and roads as often as is necessary and practicable.

REQUEST FOR PROPOSALS FOR PRISON TECHNOLOGY

SECTION 19B.5.(a) Section 19C.11(b) of S.L. 2021-180 reads as rewritten:

"**SECTION 19C.11.(b)** The Department of ~~Public Safety~~ Adult Correction shall, in consultation with the vendor, report on the expenditure of the funds awarded pursuant to subsection (a) of this section to the Joint Legislative Oversight Committee on Justice and Public

Safety no later than October ~~1, 2022, in an interim report and no later than October 1, 2023, in a final report.~~1 of each year in which the funds are expended, provided that if the funds are exhausted after a report has already been submitted for that year, a final report shall be submitted no later than May 1 of the following year."

SECTION 19B.5.(b) This section is effective when it becomes law.

TECHNICAL CORRECTION FOR INMATE WELFARE FUND

SECTION 19B.6.(a) G.S. 148-2(c) reads as rewritten:

"(c) Notwithstanding G.S. 147-77, Article 6A of Chapter 147 of the General Statutes, or any other provision of law, the Division of Prisons of the Department of Adult Correction may deposit revenue from prison canteens in local banks. The profits from prison canteens shall be deposited with the State Treasurer on a monthly basis in a fund denominated as the ~~Correction~~ Inmate Welfare Fund. Once the operating budget for the ~~Correction~~ Inmate Welfare Fund has been met, an amount equal to the funds allocated to each prison unit on a per inmate per year basis shall be credited to the Crime Victims Compensation Fund established in G.S. 15B-23G as soon as practicable after the total amount paid to each unit per inmate per year has been determined."

SECTION 19B.6.(b) This section is effective when it becomes law.

TECHNICAL CORRECTION RELATED TO NEW DEPARTMENT OF ADULT CORRECTION

SECTION 19B.7.(a) G.S. 148-32.1(b2) reads as rewritten:

"(b2) The Statewide Misdemeanant Confinement Program is established. The Program shall provide for the housing of misdemeanants from all counties serving sentences imposed for a period of more than 90 days and for all sentences imposed for impaired driving under G.S. 20-138.1, regardless of length. Those misdemeanants shall be confined in local confinement facilities except as provided in subsections (b3) and (b4) of this section. The Program shall address methods for the placement and transportation of inmates and reimbursement to counties for the housing of those inmates. Any county that voluntarily agrees to house misdemeanants from that county or from other counties pursuant to the Program may enter into a written agreement with the Division of ~~Adult Correction and Juvenile Justice~~ Prisons to do so.

The North Carolina Sheriffs' Association shall:

…."

SECTION 19B.7.(b) This section is effective when it becomes law.

PART XIX-C. COMMUNITY SUPERVISION

INTERSTATE COMPACT FEES TO SUPPORT TRAINING PROGRAMS AND EQUIPMENT PURCHASES SECTIONS

SECTION 19C.1.(a) Notwithstanding the provisions of G.S. 148-65.7, fees collected for the Interstate Compact Fund during the 2023-2025 fiscal biennium may be used by the Department of Adult Correction during the 2023-2025 fiscal biennium to provide training programs and equipment purchases for the Division of Community Supervision and Reentry, but only to the extent sufficient funds remain available in the Fund to support the mission of the Interstate Compact Program.

SECTION 19C.1.(b) No later than October 1 of each fiscal year, the Department of Adult Correction shall report to the Joint Legislative Oversight Committee on Justice and Public Safety on the amount of funds used pursuant to this section and for what purposes the funds were used.

MAKE DRUG AND ALCOHOL SCREENING A REGULAR CONDITION OF PROBATION

SECTION 19C.2.(a) G.S. 15A-1343(b) reads as rewritten:

"(b) Regular Conditions. – As regular conditions of probation, a defendant must:

…

(16) ~~Supply a breath, urine, or blood specimen~~ Submit to drug and alcohol screening for analysis of the possible presence of prohibited drugs or alcohol when instructed by the defendant's probation officer for purposes directly related to the probation supervision. If the results of the analysis are positive, the probationer may be required to reimburse the Division of Community Supervision and Reentry of the Department of Adult Correction for the actual costs of drug or alcohol screening and testing.

…

In addition to these regular conditions of probation, a defendant required to serve an active term of imprisonment as a condition of special probation pursuant to G.S. 15A-1344(e) or G.S. 15A-1351(a) shall, as additional regular conditions of probation, obey the rules and regulations of the Division of Prisons of the Department of Adult Correction and, if applicable, the Division of Juvenile Justice of the Department of Public Safety, governing the conduct of inmates while imprisoned and report to a probation officer in the State of North Carolina within 72 hours of his discharge from the active term of imprisonment.

Regular conditions of probation apply to each defendant placed on supervised probation unless the presiding judge specifically exempts the defendant from one or more of the conditions in open court and in the judgment of the court. It is not necessary for the presiding judge to state each regular condition of probation in open court, but the conditions must be set forth in the judgment of the court.

Defendants placed on unsupervised probation are subject to the provisions of this subsection, except that defendants placed on unsupervised probation are not subject to the regular conditions contained in subdivisions (2), (3), (6), (8), (13), (14), (15), (16) and (17) of this subsection."

SECTION 19C.2.(b) This section becomes effective August 1, 2023, and applies to drug and alcohol screening performed on or after that date.

PART XIX-D. REHABILITATION AND REENTRY [RESERVED]

PART XIX-E. PUBLIC SAFETY [RESERVED]

PART XIX-F. DEPARTMENT OF PUBLIC SAFETY ADMINISTRATION

NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES

SECTION 19F.1.(a) Notwithstanding any other provision of law, and except as otherwise provided in subsection (b) of this section, the Office of State Budget and Management shall not transfer any positions, personnel, or funds from the Department of Public Safety to any other State agency during the 2023-2025 fiscal biennium unless the transfer was included in the base budget for one or both fiscal years of the biennium.

SECTION 19F.1.(b) This section shall not apply to consolidation of information technology positions into the Department of Information Technology pursuant to G.S. 143B-1325.

ALLOCATION OF GRANT FUNDS TO VARIOUS SHERIFFS' OFFICES AND POLICE DEPARTMENTS

SECTION 19F.2.(a) Of the funds appropriated in this act to the Department of Public Safety in each year of the 2023-2025 fiscal biennium to be used to provide direct grant

funds to local law enforcement agencies, nine million dollars ($9,000,000) of the funds shall be allocated in equal amounts to sheriffs' offices located in counties with a population of fewer than 230,000, based upon the 2021 Certified County Population Estimates from the State Demographer in the Office of State Budget and Management as of July 1, 2021.

SECTION 19F.2.(b) Of the funds appropriated in this act to the Department of Public Safety in each year of the 2023-2025 fiscal biennium to be used to provide direct grant funds to local law enforcement agencies, nine million dollars ($9,000,000) of the funds shall be allocated in equal amounts to municipal police departments employing at least one, but fewer than 80, full-time sworn law enforcement officers, based upon the data provided by the Criminal Justice Standards Division as of March 10, 2023.

SECTION 19F.2.(c) Funds provided to local law enforcement agencies pursuant to this section shall be used for one or more of the following:

(1) Workforce development.

(2) Officer health.

(3) Officer safety.

SECTION 19F.2.(d) Funds provided to local law enforcement agencies pursuant to this section shall be supplemental to and shall not supplant local funding for sheriffs' offices or police departments.

COMPETITIVE GRANTS TO SHERIFFS' OFFICES FOR ADDICTION TREATMENT IN JAILS

SECTION 19F.3.(a) Section 19A.10(f) of S.L. 2021-180 reads as rewritten:

"**SECTION 19A.10.(f)** The working group created under subsection (e) of this section shall establish the operational criteria and application process for the grant program created by this section and shall communicate information regarding the grant program to all sheriffs' offices in the State. The working group shall evaluate applications for each of the categories under subsection (b) of this section and may award lower amounts than requested to individual sheriffs' offices in order to assure broader access to funds. The working group may establish protocols for the allotment of funds to assure that funds can be expended efficiently. The working group shall ensure all Federal Drug Administration (FDA)-approved drugs for the treatment of opioid dependence through Medication-Assisted Treatment (MAT) in jails be considered as options for treatment, including, but not limited to, long-acting, injectable medication regimes."

SECTION 19F.3.(b) This section is effective when it becomes law.

MAKE STATE BUREAU OF INVESTIGATION INDEPENDENT DEPARTMENT

SECTION 19F.4.(a) The State Bureau of Investigation is established in this section as a single, unified cabinet-level department.

SECTION 19F.4.(b) G.S. 143B-2 reads as rewritten:

"**§ 143B-2. Interim applicability of the Executive Organization Act of 1973.**

The Executive Organization Act of 1973 shall be applicable only to the following named departments:

…

(13) State Bureau of Investigation."

SECTION 19F.4.(c) G.S. 143B-6 reads as rewritten:

"**§ 143B-6. Principal departments.**

In addition to the principal departments enumerated in the Executive Organization Act of 1971, all executive and administrative powers, duties, and functions not including those of the General Assembly and its agencies, the General Court of Justice and the administrative agencies created pursuant to Article IV of the Constitution of North Carolina, and higher education previously vested by law in the several State agencies, are vested in the following principal departments:

…

(15) State Bureau of Investigation."

SECTION 19F.4.(c1) G.S. 126-5(c1) is amended by adding a new subdivision to read:

"(39) Employees of the State Bureau of Investigation, that the Director of the State Bureau of Investigation, at any time, in the Director of the State Bureau of Investigation's discretion, exempts from the application of this Chapter by means of a letter to the Director of the Office of State Human Resources designating these employees. The Director of the State Bureau of Investigation may exempt no more than 10 employees under the authorization set forth in this subdivision."

SECTION 19F.4.(d) Chapter 143B of the General Statutes is amended by adding a new Article to read:

"Article 13A.

"State Bureau of Investigation."

SECTION 19F.4.(e) Article 13A of Chapter 143B of the General Statutes, as enacted by subsection (d) of this section, is amended by adding a new Part to read:

"Part 1. General Provisions."

SECTION 19F.4.(f) Subpart C of Part 4 of Article 13 of Chapter 143B of the General Statutes is recodified as Part 1 of Article 13A of Chapter 143B of the General Statutes, as enacted by subsection (e) of this section, as follows:

Former Citation	Recodified Citation
143B-915	143B-1208.1
143B-916	143B-1208.2
143B-917	143B-1208.3
143B-918	143B-1208.4
143B-919	143B-1208.5
143B-920	143B-1208.6
143B-921	143B-1208.7
143B-922	143B-1208.8
143B-923	143B-1208.9
143B-924	143B-1208.10
143B-925	143B-1208.11
143B-926	143B-1208.12
143B-927	143B-1208.13
143B-929	143B-1208.14

SECTION 19F.4.(g) Part 1 of Article 13A of Chapter 143B of the General Statutes, as enacted by subsections (d) and (e) of this section, reads as rewritten:

"Article 13A.

"State Bureau of Investigation.

"Part 1. General Provisions.

"**§ 143B-1208.1. Bureau of Investigation created; powers and duties.**

In order to secure a more effective administration of the criminal laws of the State, to prevent crime, and to procure the speedy apprehension of criminals, there is established the State Bureau of ~~Investigation, which shall be administratively located in the Department of Public Safety. The Bureau shall be an independent agency under the direction and supervision of~~ Investigation. The head of the Bureau is the Director, who shall serve as chief executive officer of the Bureau and shall be solely responsible for all management functions. Notwithstanding any provisions to the contrary, the Director shall have such authority as is necessary to direct and oversee the Bureau, and may delegate any duties and responsibilities necessary to ensure the proper management of the Bureau. ~~The Department of Public Safety shall provide administrative support to the Bureau.~~

The State Bureau of Investigation shall have charge of and administer the agencies and activities herein set up for the identification of criminals, for their apprehension, and investigation and preparation of evidence to be used in criminal courts; and the said Bureau shall have charge of investigation of criminal matters herein especially mentioned, and of such other crimes and criminal procedure as the Governor may direct.

In the personnel of the Bureau shall be included a sufficient number of persons of training and skill in the investigation of crime and in the preparation of evidence as to be of service to local enforcement officers, under the direction of the Governor, in criminal matters of major importance.

…

"**§ 143B-1208.4. Transfer of personnel.**

The Director of the State Bureau of Investigation shall have authority to transfer members of the Bureau from one locality in the State to another as ~~he~~ the Director may deem necessary. When any member of the State Bureau of Investigation is transferred from one point to another for the convenience of the State, or otherwise than upon the request of the employee, the Bureau shall be responsible for transporting the household goods, furniture, and personal effects of the employee and members of his household.

"**§ 143B-1208.5. Investigations of lynchings, election frauds, etc.; services subject to call of Governor; witness fees and mileage for employees.**

(a) The Bureau shall, upon request of the Governor, investigate and prepare evidence in the event of any lynching or mob violence in the State; shall investigate all cases arising from frauds in connection with elections when requested to do so by the Board of Elections, and when so directed by the Governor. Such investigation, however, shall in nowise interfere with the power of the Attorney General to make such investigation as the Attorney General is authorized to make under the laws of the State. The Bureau is authorized further, at the request of the Governor, to investigate cases of frauds arising under the Social Security Laws of the State, of violations of the gaming laws, and lottery laws, and matters of similar kind when called upon by the Governor so to do. In all such cases it shall be the duty of the ~~Department~~ Bureau to keep such records as may be necessary and to prepare evidence in the cases investigated, for the use of enforcement officers and for the trial of causes. The services of employees of the Bureau may be required by the Governor in connection with the investigation of any crime committed anywhere in the State when called upon by the enforcement officers of the State, and when, in the judgment of the Governor, such services may be rendered with advantage to the enforcement of the criminal law. The State Bureau of Investigation is hereby authorized to investigate without request the attempted arson of, or arson of, damage of, theft from, or theft of, or misuse of, any State-owned personal property, buildings, or other real property or any assault upon or threats against any legislative officer named in G.S. 147-2(1), (2), or (3), any executive officer named in G.S. 147-3(c), or any court officer as defined in G.S. 14-16.10(1).

…

"**§ 143B-1208.12. Appointment and term of the Director of the State Bureau of Investigation.**

…

(b) The Director may be removed from office ~~only~~ by the ~~Governor~~ Governor, or upon a three-fifths vote of the membership of the Senate and House of Representatives present and voting, and solely for the grounds set forth in G.S. 143B-13(b), (c), and (d). In case of a vacancy in the office of the Director of the State Bureau of Investigation for any reason prior to the expiration of the Director's term of office, the name of the Director's successor shall be submitted by the Governor to the General Assembly not later than 60 days after the vacancy arises. If a vacancy arises in the office when the General Assembly is not in session, an acting Director shall be appointed by the Governor to serve pending confirmation by the General Assembly. However, in no event shall an acting Director serve (i) for more than 12 months without General Assembly

confirmation or (ii) after a bill that would confirm the appointment of the person as Director fails a reading in either chamber of the General Assembly.

"**§ 143B-1208.13. Personnel of the State Bureau of Investigation.**

The Director of the State Bureau of Investigation may appoint a sufficient number of assistants who shall be competent and qualified to do the work of the Bureau. The Director shall be responsible for making all hiring and personnel decisions of the Bureau. ~~Notwithstanding the provisions of this Chapter or Chapter 143A of the General Statutes, the Director may hire or fire personnel and transfer personnel within the Bureau.~~

"**§ 143B-1208.14. Operation and management of Information Sharing and Analysis Center.**

The State Bureau of Investigation shall operate and manage the Information Sharing and Analysis Center, and its operation and management shall be under the sole direction and control of the Director of the State Bureau of Investigation. The Information Sharing and Analysis Center is authorized to analyze information related to any threat of violence to the safety of any individual associated with (i) an educational property as defined in G.S. 14-269.2 or (ii) a place of worship as defined in G.S. 14-54.1. The Information Sharing and Analysis Center shall promptly notify the sheriff and local law enforcement agency with jurisdiction if (i) a threat is determined to be credible and (ii) the location of the educational property or place of worship associated with the threat, or the location of any individual suspected of creating the threat, is ascertained. The Director of the State Bureau of Investigation and other sworn law enforcement officers of the State Bureau of Investigation may give assistance to sheriffs and police officers when called upon by them and so directed, as provided in ~~G.S. 143B-917.~~G.S. 143B-1208.3."

SECTION 19F.4.(h) Article 13A of Chapter 143B of the General Statutes, as enacted by subsection (d) of this section, is amended by adding a new Part to read:

"Part 3. Criminal History Record Checks."

SECTION 19F.4.(i) Subpart D of Part 4 of Article 13 of Chapter 143B of the General Statutes is recodified as Part 3 of Article 13A of Chapter 143B of the General Statutes, as enacted by subsection (e) of this section, as follows:

Former Citation	Recodified Citation
143B-930	143B-1209.10
143B-931	143B-1209.11
143B-932	143B-1209.12
143B-933	143B-1209.13
143B-934	143B-1209.14
143B-935	143B-1209.15
143B-935.1	143B-1209.16
143B-936	143B-1209.17
143B-937	143B-1209.18
143B-938	143B-1209.19
143B-939	143B-1209.20
143B-940	143B-1209.21
143B-941	143B-1209.22
143B-942	143B-1209.23
143B-943	143B-1209.24
143B-944	143B-1209.25
143B-945	143B-1209.26
143B-946	143B-1209.27
143B-947	143B-1209.28
143B-948	143B-1209.29
143B-949	143B-1209.30
143B-950	143B-1209.31
143B-951	143B-1209.32

143B-952	143B-1209.33
143B-953	143B-1209.34
143B-954	143B-1209.35
143B-955	143B-1209.36
143B-956	143B-1209.37
143B-957	143B-1209.38
143B-958	143B-1209.39
143B-959	143B-1209.40
143B-960	143B-1209.41
143B-961	143B-1209.42
143B-962	143B-1209.43
143B-963	143B-1209.44
143B-964	143B-1209.45
143B-965	143B-1209.46
143B-966	143B-1209.47
143B-967	143B-1209.48
143B-968	143B-1209.49
143B-969	143B-1209.50
143B-970	143B-1209.51
143B-971	143B-1209.52
143B-972	143B-1209.53
143B-972.1	143B-1209.54
143B-973	143B-1209.55
143B-974	143B-1209.56
143B-976	143B-1209.57
143B-981	143B-1209.58

SECTION 19F.4.(j) Part 3 of Article 13A of Chapter 143B of the General Statutes, as enacted by subsections (d) and (h) of this section, reads as rewritten:

"Part 3. Criminal History Record Checks.

"**§ 143B-1209.09. Definition.**

For purposes of this Part, the term "Bureau" means the State Bureau of Investigation.

"**§ 143B-1209.10. Criminal history background investigations; fees.**

(a) When the ~~Department of Public Safety~~ State Bureau of Investigation determines that any person is entitled by law to receive information, including criminal records, from the ~~State Bureau of Investigation,~~ Bureau, for any purpose other than the administration of criminal justice, the ~~State~~ Bureau ~~of Investigation~~ shall charge the recipient of such information a reasonable fee for retrieving such information. The fee authorized by this section shall not exceed the actual cost of storing, maintaining, locating, editing, researching and retrieving the information, and ~~may~~ shall be budgeted for the support of the ~~State Bureau of Investigation.~~Bureau.

…

(c) In providing criminal history record checks, the ~~Department of Public Safety~~ Bureau shall process requests in the following priority order:

(1) Administration of criminal justice record checks,

(2) Mandatory noncriminal justice criminal history record checks,

(3) Voluntary noncriminal justice criminal history record checks.

(d) Nothing in this section shall be construed as enlarging any right to receive any record of the ~~State Bureau of Investigation.~~ Bureau. Such rights are and shall be controlled by ~~G.S. 143B-919, 143B-906,~~ G.S. 143B-906, 143B-1208.5, 120-19.4A, and other applicable statutes.

"**§ 143B-1209.11. Criminal record checks of school personnel.**

(a) The ~~Department of Public Safety~~ State Bureau of Investigation may provide a criminal record check to the local board of education of a person who is employed in a public school in that local school district or of a person who has applied for employment in a public school in that local school district, if the employee or applicant consents to the record check. The ~~Department~~ Bureau may also provide a criminal record check of school personnel as defined in G.S. 115C-332 by fingerprint card to the local board of education from National Repositories of Criminal Histories, in accordance with G.S. 115C-332. The information shall be kept confidential by the local board of education as provided in Article 21A of Chapter 115C of the General Statutes.

(b) The ~~Department of Public Safety~~ Bureau may provide a criminal history record check to the board of directors of a regional school of a person who is employed at a regional school or of a person who has applied for employment at a regional school if the employee or applicant consents to the record check. The ~~Department~~ Bureau may also provide a criminal history record check of school personnel as defined in G.S. 115C-238.73 by fingerprint card to the board of directors of the regional school from the National Repositories of Criminal Histories, in accordance with G.S. 115C-238.73. The information shall be kept confidential by the board of directors of the regional school as provided in G.S. 115C-238.73.

(b1) The ~~Department of Public Safety~~ Bureau may provide a criminal history record check to the chancellor operating a University of North Carolina laboratory school of a person who is employed at a laboratory school or of a person who has applied for employment at a laboratory school if the employee or applicant consents to the record check. The ~~Department~~ Bureau may also provide a criminal history record check of school personnel, as defined in G.S. 116-239.12, by fingerprint card to the chancellor operating the laboratory school from the National Repositories of Criminal Histories, in accordance with G.S. 116-239.12. The information shall be kept confidential by the chancellor operating the laboratory school as provided in G.S. 116-239.12.

(c) The ~~Department of Public Safety~~ Bureau may provide a criminal record check to the employer of a person who is employed in a nonpublic school or of a person who has applied for employment in a nonpublic school, if the employee or applicant consents to the record check. For purposes of this subsection, the term nonpublic school is one that is subject to the provisions of Article 39 of Chapter 115C of the General Statutes, but does not include a home school as defined in that Article.

(d) The ~~Department of Public Safety~~ Bureau shall charge a reasonable fee for conducting a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

(e) The ~~Department of Public Safety~~ Bureau may provide a criminal record check to the schools within the Department of Health and Human Services of a person who is employed, applies for employment, or applies to be selected as a volunteer, if the employee or applicant consents to the record check. The Department of Health and Human Services shall keep all information pursuant to this subsection confidential, as provided in Article 7 of Chapter 126 of the General Statutes.

(f) The ~~Department of Public Safety~~ Bureau shall adopt rules to implement this section.

"**§ 143B-1209.12. Criminal record checks of providers of treatment for or services to children, the elderly, mental health patients, the sick, and the disabled.**

(a) Authority. – The ~~Department of Public Safety~~ State Bureau of Investigation may provide to any of the following entities a criminal record check of an individual who is employed by that entity, has applied for employment with that entity, or has volunteered to provide direct care on behalf of that entity:

(1) Hospitals licensed under Chapter 131E of the General Statutes.

(2) Hospices licensed under Chapter 131E of the General Statutes.

(3) Child placing agencies licensed under Chapter 131D of the General Statutes.

(4) Residential child care facilities licensed under Chapter 131D of the General Statutes.
(5) Hospitals licensed under Chapter 122C of the General Statutes.
(6) Licensed child care facilities and nonlicensed child care homes regulated by the State.
(7) Any other organization or corporation, whether for profit or nonprofit, that provides direct care or services to children, the sick, the disabled, or the elderly.

(b) Procedure. – A criminal record check may be conducted by using an individual's fingerprint or any information required by the ~~Department of Public Safety~~ Bureau to identify that individual. A criminal record check shall be provided only if the individual whose record is checked consents to the record check. The information shall be kept confidential by the entity that receives the information. Upon the disclosure of confidential information under this section by the entity, the ~~Department~~ Bureau may refuse to provide further criminal record checks to that entity.

(c) Foster or Adoptive Parent. – The ~~Department of Public Safety,~~ Bureau, at the request of a child placing agency licensed under Chapter 131D of the General Statutes or a local department of social services, may provide a criminal record check of a prospective foster care or adoptive parent if the prospective parent consents to the record check. The information shall be kept confidential and upon the disclosure of confidential information under this section by the agency or department, the ~~Department~~ Bureau may refuse to provide further criminal record checks to that agency or department.

(d) Fee. – The ~~Department~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee may not exceed fourteen dollars ($14.00).

"**§ 143B-1209.13. Criminal record checks for foster care.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Division of Social Services, Department of Health and Human Services, the criminal history from the State and National Repositories of Criminal Histories as defined in G.S. 131D-10.2(6a). The Division shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, the fingerprints of the individual to be checked, any additional information required by the ~~Department of Public Safety,~~ Bureau, and a form consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the State or National Repositories signed by the individual to be checked. The fingerprints of the individual shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Division shall keep all information pursuant to this section privileged, as provided in G.S. 131D-10.3A(g). The ~~Department of Public Safety~~ Bureau shall charge a reasonable fee only for conducting the checks of the national criminal history records authorized by this section.

"**§ 143B-1209.14. Criminal record checks of child care providers.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Division of Child Development, Department of Health and Human Services, the criminal history from the State and National Repositories of Criminal Histories in accordance with G.S. 110-90.2, of any child care provider, as defined in G.S. 110-90.2. The Division shall provide to the ~~Department~~ Bureau of Public Safety, along with the request, the fingerprints of the provider to be checked, any additional information required by the ~~Department of Public Safety,~~ Bureau, and a form consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the State or National Repositories signed by the child care provider to be checked. The Division shall keep all information pursuant to this section privileged, as provided in G.S. 110-90.2(e). The ~~Department of Public Safety~~ Bureau shall charge a reasonable

fee only for conducting the checks of the national criminal history records authorized by this section.

"**§ 143B-1209.15. Criminal history record checks of employees of and applicants for employment with the Department of Health and Human Services, and the Division of Juvenile Justice of the Department of Public Safety.**

(a) Definitions. – As used in this section, the term:

(1) "Covered person" means any of the following:

a. An applicant for employment or a current employee in a position in the Division of Juvenile Justice of the Department of Public Safety who provides direct care for a client, patient, student, resident or ward of the Division.

b. A person who supervises positions in the Division of Juvenile Justice of the Department of Public Safety providing direct care for a client, patient, student, resident or ward of the Division.

c. An applicant for employment or a current employee in a position in the Department of Health and Human Services.

d. An independent contractor or an employee of an independent contractor that has contracted to provide services to the Department of Health and Human Services.

e. A person who has been approved to perform volunteer services for the Department of Health and Human Services.

f. An independent contractor or an employee of an independent contractor who has contracted with the Division of Juvenile Justice of the Department of Public Safety to provide direct care for a client, patient, student, resident, or ward of the Division.

g. A person who has been approved to perform volunteer services in or for the Division of Juvenile Justice of the Department of Public Safety to provide direct care for a client, patient, student, resident, or ward of the Division.

(2) "Criminal history" means a State or federal history of conviction of a crime, whether a misdemeanor or felony, that bears upon a covered person's fitness for employment in the Department of Health and Human Services or the Division of Juvenile Justice of the Department of Public Safety. The crimes include, but are not limited to, criminal offenses as set forth in any of the following Articles of Chapter 14 of the General Statutes: Article 5, Counterfeiting and Issuing Monetary Substitutes; Article 5A, Endangering Executive and Legislative Officers; Article 6, Homicide; Article 7B, Rape and Other Sex Offenses; Article 8, Assaults; Article 10, Kidnapping and Abduction; Article 13, Malicious Injury or Damage by Use of Explosive or Incendiary Device or Material; Article 14, Burglary and Other Housebreakings; Article 15, Arson and Other Burnings; Article 16, Larceny; Article 17, Robbery; Article 18, Embezzlement; Article 19, False Pretenses and Cheats; Article 19A, Obtaining Property or Services by False or Fraudulent Use of Credit Device or Other Means; Article 19B, Financial Transaction Card Crime Act; Article 20, Frauds; Article 21, Forgery; Article 26, Offenses Against Public Morality and Decency; Article 26A, Adult Establishments; Article 27, Prostitution; Article 28, Perjury; Article 29, Bribery; Article 31, Misconduct in Public Office; Article 35, Offenses Against the Public Peace; Article 36A, Riots, Civil Disorders, and Emergencies; Article 39, Protection of Minors; Article 40, Protection of the Family; Article 59, Public Intoxication; and Article 60, Computer-Related Crime. The crimes

also include possession or sale of drugs in violation of the North Carolina Controlled Substances Act, Article 5 of Chapter 90 of the General Statutes, and alcohol-related offenses such as sale to underage persons in violation of G.S. 18B-302, or driving while impaired in violation of G.S. 20-138.1 through G.S. 20-138.5.

(b) When requested by the Department of Health and Human Services or the Division of Juvenile Justice of the Department of Public Safety, the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation may provide to the requesting department or division a covered person's criminal history from the State Repository of Criminal Histories. Such requests shall not be due to a person's age, sex, race, color, national origin, religion, creed, political affiliation, or handicapping condition as defined by G.S. 168A-3. For requests for a State criminal history record check only, the requesting department or division shall provide to the ~~Department of Public Safety~~ Bureau a form consenting to the check signed by the covered person to be checked and any additional information required by the ~~Department of Public Safety.~~ Bureau National criminal record checks are authorized for covered applicants who have not resided in the State of North Carolina during the past five years. For national checks the Department of Health and Human Services or the Division of Juvenile Justice of the Department of Public Safety shall provide to the ~~North Carolina Department of Public Safety~~ Bureau the fingerprints of the covered person to be checked, any additional information required by the ~~Department of Public Safety,~~ Bureau, and a form signed by the covered person to be checked consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the State or National Repositories. The fingerprints of the individual shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State criminal history record file and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Department of Health and Human Services and the Division of Juvenile Justice of the Department of Public Safety shall keep all information pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau shall charge a reasonable fee for conducting the checks of the criminal history records authorized by this section.

(c) All releases of criminal history information to the Department of Health and Human Services or the Division of Juvenile Justice of the Department of Public Safety shall be subject to, and in compliance with, rules governing the dissemination of criminal history record checks as adopted by the ~~North Carolina Department of Public Safety.~~ Bureau. All of the information either department receives through the checking of the criminal history is privileged information and for the exclusive use of that department.

…

"**§ 143B-1209.16. Criminal record checks of applicants and current employees who access federal tax information.**

(a) The ~~Department of Public Safety~~ State Bureau of Investigation may, upon request, provide to the Division of Social Services or Division of Health Benefits within the Department of Health and Human Services or a county agency the criminal history from the State and National Repositories of Criminal Histories of the following individuals if the individual is permitted, or will be permitted, to access federal tax information:

(1) An applicant for employment.

(2) A current employee.

(3) A contractual employee or applicant.

(4) An employee of a contractor.

(b) Along with the request, the requesting agency shall provide the following to the ~~Department of Public Safety:~~Bureau:

(1) The fingerprints of the person who is the subject of the record check.

(2) A form signed by the person who is the subject of the record check consenting to:

a. The criminal record check.

b. The use of fingerprints.

c. Any other identifying information required by the State and National Repositories.

d. Any additional information required by the Department of Public Safety.

(c) The fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check.

(d) The requesting agency shall keep all information obtained pursuant to this section confidential.

(e) The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.17. Criminal record checks required prior to placement for adoption of a minor who is in the custody or placement responsibility of a county department of social services.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Division of Social Services, Department of Health and Human Services, the criminal history from the State and National Repositories of Criminal Histories as defined in G.S. 48-1-101(5a). The Division shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, the fingerprints of any individual to be checked, any additional information required by the ~~Department of Public Safety,~~ Bureau, and a form consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the State or National Repositories signed by the individual to be checked. The fingerprints of the individual shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Division shall keep all information pursuant to this section privileged, as provided in G.S. 48-3-309(f). The ~~Department of Public Safety~~ Bureau shall charge a reasonable fee only for conducting the checks of the national criminal history records authorized by this section.

"**§ 143B-1209.18. Criminal record checks of applicants for auctioneer, apprentice auctioneer, or auction firm license.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North Carolina Auctioneers Commission from the State and National Repositories of Criminal Histories the criminal history of any applicant for an auctioneer's license under Chapter 85B of the General Statutes. Along with the request, the Commission shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant, a form signed by the applicant consenting to the criminal record check and the use of fingerprints and other identifying information required by the State or National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a check of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Commission shall keep all information obtained pursuant to this section confidential. ~~Department of Public Safety~~ The Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.19. Criminal record checks of McGruff House Program volunteers.**

(a) Authority. – The ~~Department of Public Safety~~ State Bureau of Investigation and the Federal Bureau of Investigation may provide to any local law enforcement agency a criminal record check of any individual who applies as a volunteer for the McGruff House Program in that community and a criminal record check of all persons 18 years of age or older who live in the applying household. The North Carolina criminal record check may also be done by a certified DCI operator within the local law enforcement agency.

(b) Procedure. – A criminal record check must be conducted by using an individual's fingerprints and all identification information required by the ~~Department of Public Safety~~ State Bureau of Investigation to identify that individual. A criminal record check shall be provided only if: (i) the individual whose record is checked consents to the record check, and (ii) every individual who is 18 years of age or older who lives in the household also consents to the record check. Refusal to give consent is considered withdrawal of the application. The information shall be kept confidential by the local law enforcement agency that receives the information. If the confidential information is disclosed under this section, the ~~Department~~ State Bureau of Investigation may refuse to provide further criminal record checks to that local law enforcement agency.

"**§ 143B-1209.20. Criminal record checks for adult care homes, nursing homes, home care agencies, and providers of mental health, developmental disabilities, and substance abuse services.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the following entities the criminal history from the State and National Repositories of Criminal Histories:

(1) Nursing homes or combination homes licensed under Chapter 131E of the General Statutes.
(2) Adult care homes licensed under Chapter 131D of the General Statutes.
(3) Home care agencies licensed under Chapter 131E of the General Statutes.
(4) Providers licensed under Chapter 122C of the General Statutes, including a contract agency of a provider that is subject to the provisions of Article 4 of that Chapter.

The criminal history shall be provided to nursing homes and home care agencies in accordance with G.S. 131E-265, to adult care homes in accordance with G.S. 131D-40, and to a provider in accordance with G.S. 122C-80. The requesting entity shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, the fingerprints of the individual to be checked if a national criminal history record check is required, any additional information required by the ~~Department of Public Safety,~~ Bureau, and a form signed by the individual to be checked consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the State or National Repositories of Criminal Histories. If a national criminal history record check is required, the fingerprints of the individual shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. All information received by the entity shall be kept confidential in accordance with G.S. 131E-265, 131D-40, and 122C-80, as applicable. The ~~Department of Public Safety~~ Bureau shall charge a reasonable fee for conducting the checks authorized by this section. The fee for the State check may not exceed fourteen dollars ($14.00).

"**§ 143B-1209.21. Criminal record checks of applicants for licensure as registered nurses or licensed practical nurses.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North Carolina Board of Nursing from the State and National Repositories of Criminal Histories the criminal history of any applicant for licensure as a registered nurse or licensed practical nurse under Article 9A of Chapter 90 of the General Statutes. Along with the request, the Board shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant, a form signed

by the applicant consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Board shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.22. Criminal record checks of applicants for registration, certification, or licensure as a substance abuse professional.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North Carolina Substance Abuse Professional Practice Board from the State and National Repositories of Criminal Histories the criminal history of any applicant for registration, certification, or licensure pursuant to Article 5C of Chapter 90 of the General Statutes. Along with the request, the Board shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant, a form signed by the applicant consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Board shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.23. Criminal record checks of applicants for licensure as massage and bodywork therapists.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North Carolina Board of Massage and Bodywork Therapy from the State and National Repositories of Criminal Histories the criminal history of any applicant for licensure pursuant to Article 36 of Chapter 90 of the General Statutes. Along with the request, the Board shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant, a form signed by the applicant consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Board shall keep all information obtained pursuant to this section confidential. ~~Department of Public Safety~~ The Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.24. Criminal history record checks of applicants to and current members of fire departments and emergency medical services.**

(a) Definitions. – The following definitions apply in this section:

(1) Applicant. – A person who applies for a paid or volunteer position with a fire department or an emergency medical service.

(2) Criminal history. – A State or federal history of conviction of a crime, whether a misdemeanor or felony, that bears upon a covered person's fitness for

holding a paid or volunteer position with a fire department. The crimes include, but are not limited to, criminal offenses as set forth in any of the following Articles of Chapter 14 of the General Statutes: Article 5, Counterfeiting and Issuing Monetary Substitutes; Article 5A, Endangering Executive, Legislative, and Court Officers; Article 6, Homicide; Article 7B, Rape and Other Sex Offenses; Article 8, Assaults; Article 10, Kidnapping and Abduction; Article 13, Malicious Injury or Damage by Use of Explosive or Incendiary Device or Material; Article 14, Burglary and Other Housebreakings; Article 15, Arson and Other Burnings; Article 16, Larceny; Article 17, Robbery; Article 18, Embezzlement; Article 19, False Pretenses and Cheats; Article 19A, Obtaining Property or Services by False or Fraudulent Use of Credit Device or Other Means; Article 19B, Financial Transaction Card Crime Act; Article 20, Frauds; Article 21, Forgery; Article 22, Damages and Other Offenses to Land and Fixtures; Article 26, Offenses Against Public Morality and Decency; Article 26A, Adult Establishments; Article 27, Prostitution; Article 28, Perjury; Article 29, Bribery; Article 31, Misconduct in Public Office; Article 35, Offenses Against the Public Peace; Article 36A, Riots, Civil Disorders, and Emergencies; Article 39, Protection of Minors; Article 40, Protection of the Family; Article 59, Public Intoxication; and Article 60, Computer-Related Crime. The crimes also include possession or sale of drugs in violation of the North Carolina Controlled Substances Act, Article 5 of Chapter 90 of the General Statutes, and alcohol-related offenses such as sale to underage persons in violation of G.S. 18B-302, or driving while impaired in violation of G.S. 20-138.1 through G.S. 20-138.5.

(3) Current member. – A person who serves in a paid or volunteer position with a fire department or an emergency medical service.

(b) When requested by a designated local Homeland Security director, a local fire chief of a rated fire department, a county fire marshal, an emergency services director, or if there is no designated local Homeland Security director, local fire chief of a rated fire department, county fire marshal, or emergency services director, when requested by a local law enforcement agency, the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation may provide to the requesting director, chief, marshal, or agency an applicant's or current member's criminal history from the State and National Repositories of Criminal Histories. The local Homeland Security director, local fire chief, marshal, director, or local law enforcement agency shall provide to the ~~North Carolina Department of Public Safety~~ Bureau the fingerprints of the applicant to be checked, any additional information required by the ~~Department of Public Safety,~~ Bureau, and a form signed by the applicant to be checked consenting to the (i) check of the criminal record and (ii) use of fingerprints and other identifying information required by the State or National Repositories. The fingerprints of the individual shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The local Homeland Security director, local fire chief, county fire marshal, emergency services director, or local law enforcement agency shall keep all information pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau shall charge a reasonable fee for conducting the checks of the criminal history records authorized by this section. The requesting local Homeland Security director, local fire chief, county fire marshal, or local law enforcement agency may charge an applicant or current member the fee amount charged by the ~~Department of Public Safety~~ Bureau for the criminal history record check of the applicant or current member.

(c) All releases of criminal history information to the local Homeland Security director, local fire chief, county fire marshal, emergency services director, or local law enforcement agency shall be subject to, and in compliance with, rules governing the dissemination of criminal history record checks as adopted by the ~~North Carolina Department of Public Safety.~~ Bureau. All of the information the local Homeland Security director, local fire chief, county fire marshal, emergency services director, or local law enforcement agency receives through the checking of the criminal history is privileged information and for the exclusive use of that director, chief, marshal, or agency.

…

"**§ 143B-1209.25. Criminal record checks of applicants for manufactured home manufacturer, dealer, salesperson, or set-up contractor licensure.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North Carolina Manufactured Housing Board from the State and National Repositories of Criminal Histories the criminal history of any applicant for licensure as a manufactured home manufacturer, dealer, salesperson, or set-up contractor under Article 9A of Chapter 143 of the General Statutes. Along with the request, the Board shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant, a form signed by the applicant consenting to the criminal record check, and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Board shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.26. Criminal record checks for municipalities and county governments.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to a city or county from the State and National Repositories of Criminal Histories the criminal history of any person who applies for employment with the city or county. The city or county shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, the fingerprints of the applicant, a form signed by the applicant consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The city or county shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.27. Criminal record checks of applicants for locksmith licensure or apprentice designation.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North Carolina Locksmith Licensing Board from the State and National Repositories of Criminal Histories the criminal history of any applicant for licensure as a locksmith or an apprentice under Chapter 74F of the General Statutes. Along with the request, the Board shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant, a form signed by the applicant consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant's fingerprints shall be

~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Board shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.28. Criminal record checks for the North Carolina State Lottery Commission and its Director.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North Carolina State Lottery Commission and to its Director from the State and National Repositories of Criminal Histories the criminal history of any prospective employee of the Commission and any potential contractor. The North Carolina State Lottery Commission or its Director shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, the fingerprints of the prospective employee of the Commission, or of the potential contractor, a form signed by the prospective employee of the Commission, or of the potential contractor consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The fingerprints of the prospective employee of the Commission, or potential contractor, shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The North Carolina State Lottery Commission and its Director shall remit any fingerprint information retained by the Commission to alcohol law enforcement agents appointed under Article 5 of Chapter 18B of the General Statutes and shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau shall charge a reasonable fee only for conducting the checks of the criminal history records authorized by this section.

"**§ 143B-1209.29. Criminal record checks of applicants for permit or license to conduct exploration, recovery, or salvage operations and archaeological investigations.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Department of Natural and Cultural Resources from the State and National Repositories of Criminal Histories the criminal history of any applicant for a permit or license under Article 3 of Chapter 121 of the General Statutes or Article 2 of Chapter 70 of the General Statutes. Along with the request, the Department of Natural and Cultural Resources shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant, a form signed by the applicant consenting to the criminal history record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Department of Natural and Cultural Resources shall keep all information obtained under this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.30. Criminal record checks of applicants for licensure and licensees.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North Carolina Psychology Board from the State and National Repositories of Criminal Histories the criminal history of any applicant for licensure or reinstatement of a license to practice psychology or a licensed psychologist or psychological associate under Article 18A of Chapter 90 of the General Statutes. Along with the request, the Board shall provide to the ~~Department of Public~~

~~Safety~~ Bureau the fingerprints of the applicant or licensee, a form signed by the applicant or licensee consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant's or licensee's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Board shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau may charge each applicant or licensee a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.31. Criminal record checks for the Judicial Department.**

(a) The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Judicial Department from the State and National Repositories of Criminal Histories the criminal history of any current or prospective employee, volunteer, or contractor of the Judicial Department. The Judicial Department shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, the fingerprints of the current or prospective employee, volunteer, or contractor, a form signed by the current or prospective employee, volunteer, or contractor consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The fingerprints of the current or prospective employee, volunteer, or contractor shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Judicial Department shall keep all information obtained pursuant to this section confidential.

(b) The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.32. Criminal record checks for the Department of Information Technology.**

(a) The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Department of Information Technology from the State and National Repositories of Criminal Histories the criminal history of any current or prospective employee, volunteer, or contractor of the Department of Information Technology. The Department of Information Technology shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, the fingerprints of the current or prospective employee, volunteer, or contractor, a form signed by the current or prospective employee, volunteer, or contractor consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The fingerprints of the current or prospective employee, volunteer, or contractor shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Department of Information Technology shall keep all information obtained pursuant to this section confidential.

(b) The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.33. Criminal record checks of EMS personnel.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Department of Health and Human Services the criminal history from the State and National Repositories of Criminal Histories of an individual who applies for EMS credentials, seeks to

renew EMS credentials, or holds EMS credentials, when the criminal history is requested by the Department. The Department of Health and Human Services shall provide to the ~~Department of Public Safety~~ Bureau the request for the criminal history, the fingerprints of the individual to be checked, any additional information required by the ~~Department of Public Safety,~~ Bureau, and a form consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the State or National Repositories signed by the individual to be checked. The Department of Health and Human Services and Emergency Medical Services Disciplinary Committee, established by G.S. 143-519, shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau shall charge a reasonable fee to offset the costs incurred by it to conduct the checks of criminal history records authorized by this section.

"**§ 143B-1209.34. Criminal record checks of applicants for licensure as chiropractic physicians.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the State Board of Chiropractic Examiners from the State and National Repositories of Criminal Histories the criminal history of any applicant for licensure pursuant to Article 8 of Chapter 90 of the General Statutes. Along with the request, the Board shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant, a form signed by the applicant consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Board shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.35. Criminal history record checks of employees of and applicants for employment with the Department of Public Instruction.**

(a) Definitions. – As used in this section, the term:

(1) "Covered person" means any of the following:

a. An applicant for employment or a current employee in a position in the Department of Public Instruction.

b. An independent contractor or an employee of an independent contractor that has contracted to provide services to the Department of Public Instruction.

(2) "Criminal history" means a State or federal history of conviction of a crime, whether a misdemeanor or felony, that bears upon a covered person's fitness for employment in the Department of Public Instruction. The crimes include, but are not limited to, criminal offenses as set forth in any of the following Articles of Chapter 14 of the General Statutes: Article 5, Counterfeiting and Issuing Monetary Substitutes; Article 5A, Endangering Executive and Legislative Officers; Article 6, Homicide; Article 7B, Rape and Other Sex Offenses; Article 8, Assaults; Article 10, Kidnapping and Abduction; Article 13, Malicious Injury or Damage by Use of Explosive or Incendiary Device or Material; Article 14, Burglary and Other Housebreakings; Article 15, Arson and Other Burnings; Article 16, Larceny; Article 17, Robbery; Article 18, Embezzlement; Article 19, False Pretenses and Cheats; Article 19A, Obtaining Property or Services by False or Fraudulent Use of Credit Device or Other Means; Article 19B, Financial Transaction Card Crime Act; Article 20, Frauds; Article 21, Forgery; Article 26, Offenses Against Public Morality

and Decency; Article 26A, Adult Establishments; Article 27, Prostitution; Article 28, Perjury; Article 29, Bribery; Article 31, Misconduct in Public Office; Article 35, Offenses Against the Public Peace; Article 36A, Riots, Civil Disorders, and Emergencies; Article 39, Protection of Minors; Article 40, Protection of the Family; Article 59, Public Intoxication; and Article 60, Computer-Related Crime. The crimes also include possession or sale of drugs in violation of the North Carolina Controlled Substances Act, Article 5 of Chapter 90 of the General Statutes, and alcohol-related offenses such as sale to underage persons in violation of G.S. 18B-302, or driving while impaired violation of G.S. 20-138.1 through G.S. 20-138.5.

(b) When requested by the Department of Public Instruction, the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation may provide to the requesting department a covered person's criminal history from the State Repository of Criminal Histories. Such request shall not be due to a person's age, sex, race, color, national origin, religion, creed, political affiliation, or handicapping condition as defined by G.S. 168A-3. For requests for a State criminal history record check only, the requesting department shall provide to the ~~Department of Public Safety~~ Bureau a form consenting to the check, signed by the covered person to be checked and any additional information required by the ~~Department of Public Safety.~~ Bureau. National criminal record checks are authorized for covered applicants who have not resided in the State of North Carolina during the past five years. For national checks the Department of Public Instruction shall provide to the ~~North Carolina Department of Public Safety~~ Bureau the fingerprints of the covered person to be checked, any additional information required by the ~~Department of Public Safety,~~ Bureau, and a form signed by the covered person to be checked, consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the State or National Repositories. The fingerprints of the individual shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State criminal history record file and forwarded to the Federal Bureau of Investigation for a national criminal history record check. The Department of Public Instruction shall keep all information pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau shall charge a reasonable fee for conducting the checks of the criminal history records authorized by this section.

(c) All releases of criminal history information to the Department of Public Instruction shall be subject to, and in compliance with, rules governing the dissemination of criminal history record checks as adopted by the ~~North Carolina Department of Public Safety.~~ Bureau. All of the information the department receives through the checking of the criminal history is privileged information and for the exclusive use of the department.

…

"**§ 143B-1209.36. Criminal record checks of applicants and of current employees who are involved in the manufacture or production of drivers licenses and identification cards.**

(a) The ~~Department of Public Safety~~ State Bureau of Investigation may, upon request, provide to the Department of Transportation, Division of Motor Vehicles, the criminal history from the State and National Repositories of Criminal Histories of the following individuals if the individual (i) is or will be involved in the manufacture or production of drivers licenses and identification cards, or (ii) has or will have the ability to affect the identity information that appears on drivers licenses or identification cards:

(1) An applicant for employment.
(2) A current employee.
(3) A contractual employee or applicant.
(4) An employee of a contractor.

(b) Along with the request, the Division of Motor Vehicles shall provide the following to the ~~Department of Public Safety:~~Bureau:

(1) The fingerprints of the person who is the subject of the record check.
(2) A form signed by the person who is the subject of the record check consenting to:
a. The criminal record check.
b. The use of fingerprints.
c. Any other identifying information required by the State and National Repositories.
d. Any additional information required by the Department of Public Safety.

(c) The fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check.

(d) The Division of Motor Vehicles shall keep all information obtained pursuant to this section confidential.

(e) The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.37. Criminal history record checks of applicants for licensure as nursing home administrators.**

(a) The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North Carolina State Board of Examiners for Nursing Home Administrators from the State and National Repositories of Criminal Histories the criminal history of any applicant for licensure as a nursing home administrator under Article 20 of Chapter 90 of the General Statutes. Along with the request, the Board shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant, a form signed by the applicant consenting to the criminal history record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Board shall keep all information obtained pursuant to this section confidential.

(b) The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal history record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.38. Criminal record checks of applicants for licensure as clinical mental health counselors.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North Carolina Board of Licensed Clinical Mental Health Counselors from the State and National Repositories of Criminal Histories the criminal history of any applicant for licensure or reinstatement of a license or licensee under Article 24 of Chapter 90 of the General Statutes. Along with the request, the Board shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant or licensee, a form signed by the applicant or licensee consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant or licensee's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Board shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee

to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.39. Criminal history record checks of applicants for licensure as marriage and family therapists and marriage and family therapy associates.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North Carolina Marriage and Family Therapy Licensure Board from the State and National Repositories of Criminal Histories the criminal history of any applicant for licensure or reinstatement of a license or licensee under Article 18C of Chapter 90 of the General Statutes. Along with the request, the Board shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant or licensee, a form signed by the applicant or licensee consenting to the criminal history record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant's or licensee's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Board shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by the Department to conduct a criminal history record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.40. Criminal record checks of petitioners for restoration of firearms rights.**

(a) A person who petitions the court to have the person's firearms rights restored shall submit a full set of the petitioner's fingerprints, to be administered by the sheriff. The petitioner shall also submit to the sheriff a form signed by the petitioner consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the State Bureau of Investigation or the Federal Bureau of Investigation. The sheriff shall forward the set of fingerprints and the signed consent form to the State Bureau of Investigation for a records check of State and national databases.

(b) Upon receipt of the fingerprints and consent form forwarded by the sheriff pursuant to subsection (a) of this section, the State Bureau of Investigation shall conduct a search of the State criminal history record file and shall forward a set of the fingerprints and a copy of the signed consent form to the Federal Bureau of Investigation for a national criminal history record check.

(c) The State Bureau of Investigation shall provide a copy of the information obtained pursuant to this section to the clerk of superior court, which shall be kept confidential in the court file for the petition for restoration of firearms rights.

(d) The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.41. Criminal record checks of applicants for certification by the Department of Agriculture and Consumer Services as euthanasia technicians.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide a criminal record check to the Department of Agriculture and Consumer Services for a person who has applied for a new or renewal certification as a euthanasia technician. The Department of Agriculture and Consumer Services shall provide the ~~Department of Public Safety~~ Bureau a request for the criminal record check, the fingerprints of the individual to be checked, any additional information required by the ~~Department of Public Safety,~~ Bureau, and a form signed by the person seeking certification consenting to the check of the criminal record. The fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of

Investigation for a national criminal history record check. The Department of Agriculture and Consumer Services shall keep all information pursuant to this section privileged, in accordance with applicable State law and federal guidelines, and the information shall be confidential and shall not be a public record under Chapter 132 of the General Statutes. The ~~Department of Public Safety~~ Bureau may charge each applicant a fee for conducting the checks of criminal history records authorized by this section.

"**§ 143B-1209.42. Criminal history record checks of applicants for trainee registration, appraiser licensure, appraiser certification, or registrants for registration as real estate appraisal management companies.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North Carolina Appraisal Board from the State and National Repositories of Criminal Histories the criminal history of any applicant or registrant for registration under Article 1 and Article 2 of Chapter 93E of the General Statutes. Along with the request, the Board shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant or registrant, a form signed by the applicant or registrant consenting to the criminal history record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant's or registrant's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Board shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by the ~~Department~~ Bureau to conduct a criminal history record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.43. Criminal history record checks of applicants for a restoration of a revoked drivers license.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Division of Motor Vehicles, from the State and National Repositories of Criminal Histories, the criminal history record of any applicant for a restoration of a revoked drivers license. Along with the request, the Division shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant, a form signed by the applicant consenting to the criminal history record check and use of fingerprints, other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Division shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal history record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information. Fees and other costs incurred by the Division under this statute may be charged to the applicant.

"**§ 143B-1209.44. Criminal history record checks of applicants for and current holders of certificate to transport household goods.**

(a) The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Utilities Commission from the State and National Repositories of Criminal Histories the criminal history of any applicant for or current holder of a certificate to transport household goods. Along with the request, the Commission shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant or current holder, a form signed by the applicant or current holder consenting to the criminal history record check and use of fingerprints and other identifying information required by the State and National Repositories of Criminal Histories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant's or

current holder's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Utilities Commission shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal history record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information. The ~~Department of Public Safety~~ Bureau shall send a copy of the results of the criminal history record checks directly to the Utilities Commission Chief Clerk.

…

"**§ 143B-1209.45. Criminal history record checks of applicants for licensure as physical therapists or physical therapist assistants.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North Carolina Board of Physical Therapy Examiners a criminal history record from the State and National Repositories of Criminal Histories for applicants for licensure by the Board. Along with a request for criminal history records, the Board shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant or subject, a form signed by the applicant consenting to the criminal history record check and use of the fingerprints and other identifying information required by the Repositories, and any additional information required by the ~~Department.~~ Bureau. The fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Board shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by the ~~Department of Public Safety~~ Bureau to conduct a criminal history record check under this section, but the fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.46. Criminal record checks of applicants and recipients of programs of public assistance.**

(a) Upon receipt of a request from a county department of social services pursuant to G.S. 108A-26.1, the ~~Department of Public Safety~~ State Bureau of Investigation shall, to the extent allowed by federal law, provide to the county department of social services the criminal history from the State or National Repositories of Criminal Histories of an applicant for, or recipient of, program assistance under Part 2 or Part 5 of Article 2 of Chapter 108A of the General Statutes.

(b) The county department of social services shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, any information required by the ~~Department of Public Safety~~ Bureau and a form signed by the individual to be checked consenting to the check of the criminal record and to the use of any necessary identifying information required by the State or National Repositories. The county department of social services shall keep all information pursuant to this section confidential and privileged, except as provided in G.S. 108A-26.1.

(c) The ~~Department of Public Safety~~ Bureau may charge a reasonable fee only for conducting the checks of the criminal history records authorized by this section.

"**§ 143B-1209.47. Criminal record checks for the Office of State Controller.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Office of State Controller from the State and National Repositories of Criminal Histories the criminal history of any current or prospective employee, volunteer, or contractor of the Office of State Controller. The Office of State Controller shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, the fingerprints of the current or prospective employee, volunteer, or contractor, a form signed by the current or prospective employee, volunteer, or contractor consenting to the criminal record check and use of fingerprints and other identifying information

required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The fingerprints of the current or prospective employee, volunteer, or contractor shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Office of State Controller shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.48. Criminal record checks for the Department of Revenue.**

(a) The ~~Department of Public Safety~~ State Bureau of Investigation shall, upon request, provide to the Department of Revenue from the State and National Repositories of Criminal Histories the criminal history of any of the following individuals:

(1) A current or prospective permanent or temporary employee.
(2) A contractor with the Department.
(3) An employee or agent of a contractor with the Department.
(4) Any other individual otherwise engaged by the Department who will have access to federal tax information.

(b) Along with the request, the Department of Revenue shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the individual whose record is being sought, a form signed by the individual consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The individual's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Department of Revenue shall keep all information obtained pursuant to this section confidential.

(c) The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.49. Criminal record checks for the Office of State Human Resources.**

(a) The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Office of State Human Resources from the State and National Repositories of Criminal Histories the criminal history of any prospective temporary employee of a State agency or department if a criminal record check is a requirement for employment by the agency or department with which the individual would be temporarily assigned. The Office of State Human Resources shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, the fingerprints of the prospective temporary employee, a form signed by the prospective temporary employee consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The fingerprints of the prospective employee shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Office of State Human Resources shall keep all information obtained pursuant to this section confidential.

(b) The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information. If the ~~Department of Public Safety~~ Bureau charges the Office of State Human Resources a fee for conducting the criminal record check, the agency or department with which the individual would be temporarily assigned shall reimburse the Office of State Human Resources for the fee charged.

"**§ 143B-1209.50. Criminal record checks for employees and contractors of the State Board of Elections and county directors of elections.**

(a) As used in this section, the term:

(1) "Current or prospective employee" means any of the following:

a. A current or prospective permanent or temporary employee of the State Board or a current or prospective county director of elections.

b. A current or prospective contractor with the State Board.

c. An employee or agent of a current or prospective contractor with the State Board.

d. Any other individual otherwise engaged by the State Board who has or will have the capability to update, modify, or change elections systems or confidential elections or ethics data.

(2) "State Board" means the State Board of Elections.

(b) The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Executive Director of the State Board a current or prospective employee's criminal history from the State and National Repositories of Criminal Histories. The Executive Director shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, the fingerprints of the current or prospective employee, a form signed by the current or prospective employee consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The fingerprints of the current or prospective employee shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check.

(c) The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

…

"**§ 143B-1209.51. Criminal record checks for employees of county boards of elections.**

(a) As used in this section, the term:

(1) "Current or prospective employee" means a current or prospective permanent or temporary employee of a county board of elections.

(2) "State Board" means the State Board of Elections.

(b) The ~~Department of Public Safety~~ State Bureau of Investigation may provide to a county board of elections a current or prospective employee's criminal history from the State and National Repositories of Criminal Histories. The county board of elections shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, the fingerprints of the current or prospective employee, a form signed by the current or prospective employee consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The fingerprints of the current or prospective employee shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check.

(c) The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

…

"**§ 143B-1209.52. Criminal record checks of applicants for licensure as dietitian/nutritionists or nutritionists.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North Carolina Board of Dietetics/Nutrition a criminal history record from the State and National Repositories of Criminal Histories for applicants for licensure by the Board. Along with a request for criminal history records, the Board shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant or subject, a form signed by the applicant consenting to the criminal history record check and use of the fingerprints and other identifying information required by the Repositories, and any additional information required by the ~~Department.~~ Bureau. The fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Board shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by the ~~Department of Public Safety~~ Bureau to conduct a criminal history record check under this section, but the fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.53. National criminal record checks for child care institutions.**

The ~~Department of Public Safety~~ State Bureau of Investigation shall provide to the Department of Health and Human Services, Criminal Records Check Unit, in accordance with G.S. 108A-150, the criminal history of any current or prospective employee or volunteer in a child care institution as defined by Title IV-E of the Social Security Act, including individuals working with a contract agency in a child care institution. The Department of Health and Human Services, Criminal Records Check Unit, shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, the fingerprints of the individual to be checked, any additional information required by the ~~Department of Public Safety,~~ Bureau, and a form signed by the individual to be checked consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the State or National Repositories of Criminal Histories. The fingerprints of the individual shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. All information received by the Department of Health and Human Services, Criminal Records Check Unit, shall be kept confidential in accordance with G.S. 108A-150. The ~~Department of Public Safety~~ Bureau may charge a reasonable fee to conduct a criminal record check under this section.

…

"**§ 143B-1209.55. Criminal record checks for the Legislative Services Commission.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Legislative Services Officer from the State and National Repositories of Criminal Histories the criminal history of any prospective employee, volunteer, or contractor of the General Assembly. The Legislative Services Officer shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, the fingerprints of the prospective employee, volunteer, or contractor, a form signed by the prospective employee, volunteer, or contractor consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories and any additional information required by the ~~Department of Public Safety.~~ Bureau. The fingerprints of the prospective employee, volunteer, or contractor shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Legislative Services Officer shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.56. Criminal record checks for sheriffs.**

(a) The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North Carolina Sheriffs' Education and Training Standards Commission a criminal history from the State and National Repositories of Criminal Histories for any person filing a notice of candidacy, or any potential appointee to fill a vacancy, to the office of sheriff. The North Carolina Sheriffs' Education and Training Standards Commission shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, the fingerprints of the person filing a notice of candidacy, or any potential appointee to fill a vacancy, to the office of sheriff; a form signed by the individual consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories; and any additional information required by the ~~Department of Public Safety.~~ Bureau. The fingerprints of the individual shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check.

…

"**§ 143B-1209.57. Criminal record check for platform licensees.**

(a) The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Secretary of State a criminal history from the State and National Repositories of Criminal Histories for any applicant seeking a platform license. The Secretary shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, the fingerprints of the applicant and its key persons; a form signed by the individual consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories; and any additional information required by the ~~Department of Public Safety.~~ Bureau. The fingerprints of the individual shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check.

…

"**§ 143B-1209.58. The National Crime Prevention and Privacy Compact.**

The National Crime Prevention and Privacy Compact is enacted into law and entered into with all jurisdictions legally joining in the compact in the form substantially as set forth in this section, as follows:

Preamble.

Whereas, it is in the interest of the State to facilitate the dissemination of criminal history records from other states for use in North Carolina as authorized by State law; and

Whereas, the National Crime Prevention and Privacy Compact creates a legal framework for the cooperative exchange of criminal history records for noncriminal justice purposes; and

Whereas, the compact provides for the organization of an electronic information-sharing system among the federal government and the states to exchange criminal history records for noncriminal justice purposes authorized by federal or state law, such as background checks for governmental licensing and employment; and

Whereas, under the compact, the FBI and the party states agree to maintain detailed databases of their respective criminal history records, including arrests and dispositions, and to make them available to the federal government and party states for authorized purposes; and

Whereas, the FBI shall manage the federal data facilities that provide a significant part of the infrastructure for the system; and

Whereas, entering into the compact would facilitate the interstate and federal-state exchange of criminal history information to streamline the processing of background checks for noncriminal justice purposes; and

Whereas, release and use of information obtained through the system for noncriminal justice purposes would be governed by the laws of the receiving state; and

Whereas, entering into the compact will provide a mechanism for establishing and enforcing uniform standards for record accuracy and for the confidentiality and privacy interests of record subjects.

Article I.

Definitions.

As used in this compact, the following definitions apply:

…

(4) "Criminal history record repository" means the ~~Department of Public Safety.~~State Bureau of Investigation.

…."

SECTION 19F.4.(k) G.S. 143B-600(b)(2) is repealed.

SECTION 19F.4.(*l*) G.S. 14-16.9 reads as rewritten:

"**§ 14-16.9. Officers-elect to be covered.**

Any person who has been elected to any office covered by this Article but has not yet taken the oath of office shall be considered to hold the office for the purpose of this Article and ~~G.S. 143B-919.~~G.S. 143B-1208.5."

SECTION 19F.4.(m) G.S. 113-172(a) reads as rewritten:

"(a) The Secretary shall designate license agents for the Department. The Division and license agents designated by the Secretary under this section shall issue licenses authorized under this Article in accordance with this Article and the rules of the Commission. The Secretary may require license agents to enter into a contract that provides for their duties and compensation, post a bond, and submit to reasonable inspections and audits. If a license agent violates any provision of this Article, the rules of the Commission, or the terms of the contract, the Secretary may initiate proceedings for the forfeiture of the license agent's bond and may summarily suspend, revoke, or refuse to renew a designation as a license agent and may impound or require the return of all licenses, moneys, record books, reports, license forms and other documents, ledgers, and materials pertinent or apparently pertinent to the license agency. The Secretary shall report evidence or misuse of State property, including license fees, by a license agent to the State Bureau of Investigation as provided by ~~G.S. 143B-920.~~G.S. 143B-1208.6."

SECTION 19F.4.(n) G.S. 164-44(a) reads as rewritten:

"(a) The Commission shall have the secondary duty of collecting, developing, and maintaining statistical data relating to sentencing, corrections, and juvenile justice so that the primary duties of the Commission will be formulated using data that is valid, accurate, and relevant to this State. All State agencies shall provide data as it is requested by the Commission. For the purposes of ~~G.S. 143B-930,~~ G.S. 143B-1209.10, the Commission shall be considered to be engaged in the administration of criminal justice. All meetings of the Commission shall be open to the public and the information presented to the Commission shall be available to any State agency or member of the General Assembly."

SECTION 19F.4.(o) G.S. 110-90.2(g) reads as rewritten:

"(g) The child care provider shall pay the cost of the fingerprinting and the federal criminal history record check in accordance with ~~G.S. 143B-934.~~ G.S. 143B-1209.14. The ~~Department of Public Safety~~ State Bureau of Investigation shall perform the State criminal history record check. The Department of Health and Human Services shall pay for and conduct the county criminal history record check. Child care providers who reside outside the State bear the cost of the county criminal history record check and shall provide the county criminal history record check to the Division of Child Development as required by this section."

SECTION 19F.4.(p) G.S. 18C-151(a)(3) reads as rewritten:

"(3) All proposals shall be accompanied by a bond or letter of credit in an amount equal to not less than five percent (5%) of the proposal and the fee to cover

the cost of the criminal record check conducted under ~~G.S. 143B-935.~~G.S. 143B-1209.15."

SECTION 19F.4.(q) G.S. 122C-80 reads as rewritten:

"**§ 122C-80. Criminal history record check required for certain applicants for employment.**

…

(b) Requirement. – An offer of employment by a provider licensed under this Chapter to an applicant to fill a position that does not require the applicant to have an occupational license is conditioned on consent to a State and national criminal history record check of the applicant. If the applicant has been a resident of this State for less than five years, then the offer of employment is conditioned on consent to a State and national criminal history record check of the applicant. The national criminal history record check shall include a check of the applicant's fingerprints. If the applicant has been a resident of this State for five years or more, then the offer is conditioned on consent to a State criminal history record check of the applicant. A provider shall not employ an applicant who refuses to consent to a criminal history record check required by this section. Except as otherwise provided in this subsection, within five business days of making the conditional offer of employment, a provider shall submit a request to the ~~Department of Public Safety~~ State Bureau of Investigation under ~~G.S. 143B-939~~ G.S. 143B-1209.20 to conduct a criminal history record check required by this section or shall submit a request to a private entity to conduct a State criminal history record check required by this section. Notwithstanding ~~G.S. 143B-939,~~ G.S. 143B-1209.20, the ~~Department of Public Safety~~ State Bureau of Investigation shall return the results of national criminal history record checks for employment positions not covered by Public Law 105-277 to the Department of Health and Human Services, Criminal Records Check Unit. Within five business days of receipt of the national criminal history of the person, the Department of Health and Human Services, Criminal Records Check Unit, shall notify the provider as to whether the information received may affect the employability of the applicant. In no case shall the results of the national criminal history record check be shared with the provider. Providers shall make available upon request verification that a criminal history check has been completed on any staff covered by this section. A county that has adopted an appropriate local ordinance and has access to the ~~Department of Public Safety~~ State Bureau of Investigation data bank may conduct on behalf of a provider a State criminal history record check required by this section without the provider having to submit a request to the ~~Department of Justice.~~ State Bureau of Investigation. In such a case, the county shall commence with the State criminal history record check required by this section within five business days of the conditional offer of employment by the provider. All criminal history information received by the provider is confidential and may not be disclosed, except to the applicant as provided in subsection (c) of this section. For purposes of this subsection, the term "private entity" means a business regularly engaged in conducting criminal history record checks utilizing public records obtained from a State agency.

…

(g) Conditional Employment. – A provider may employ an applicant conditionally prior to obtaining the results of a criminal history record check regarding the applicant if both of the following requirements are met:

(1) The provider shall not employ an applicant prior to obtaining the applicant's consent for criminal history record check as required in subsection (b) of this section or the completed fingerprint cards as required in ~~G.S. 143B-939.~~G.S. 143B-1209.20.

(2) The provider shall submit the request for a criminal history record check not later than five business days after the individual begins conditional employment."

SECTION 19F.4.(r) G.S. 131D-40 reads as rewritten:

"**§ 131D-40. Criminal history record checks required for certain applicants for employment.**

(a) Requirement; Adult Care Home. – An offer of employment by an adult care home licensed under this Chapter to an applicant to fill a position that does not require the applicant to have an occupational license is conditioned on consent to a criminal history record check of the applicant. If the applicant has been a resident of this State for less than five years, then the offer of employment is conditioned on consent to a State and national criminal history record check of the applicant. The national criminal history record check shall include a check of the applicant's fingerprints. If the applicant has been a resident of this State for five years or more, then the offer is conditioned on consent to a State criminal history record check of the applicant. An adult care home shall not employ an applicant who refuses to consent to a criminal history record check required by this section. Within five business days of making the conditional offer of employment, an adult care home shall submit a request to the ~~Department of Public Safety~~ State Bureau of Investigation under ~~G.S. 143B-939~~ G.S. 143B-1209.20 to conduct a State or national criminal history record check required by this section, or shall submit a request to a private entity to conduct a State criminal history record check required by this section. Notwithstanding ~~G.S. 143B-939,~~ G.S. 143B-1209.20, the ~~Department of Public Safety~~ State Bureau of Investigation shall return the results of national criminal history record checks for employment positions not covered by Public Law 105-277 to the Department of Health and Human Services, Criminal Records Check Unit. Within five business days of receipt of the national criminal history of the person, the Department of Health and Human Services, Criminal Records Check Unit, shall notify the adult care home as to whether the information received may affect the employability of the applicant. In no case shall the results of the national criminal history record check be shared with the adult care home. Adult care homes shall make available upon request verification that a criminal history check has been completed on any staff covered by this section. All criminal history information received by the home is confidential and may not be disclosed, except to the applicant as provided in subsection (b) of this section.

(a1) Requirement; Contract Agency of Adult Care Home. – An offer of employment by a contract agency of an adult care home licensed under this Chapter to an applicant to fill a position that does not require the applicant to have an occupational license is conditioned upon consent to a criminal history record check of the applicant. If the applicant has been a resident of this State for less than five years, then the offer of employment is conditioned on consent to a State and national criminal history record check of the applicant. The national criminal history record check shall include a check of the applicant's fingerprints. If the applicant has been a resident of this State for five years or more, then the offer is conditioned on consent to a State criminal history record check of the applicant. A contract agency of an adult care home shall not employ an applicant who refuses to consent to a criminal history record check required by this section. Within five business days of making the conditional offer of employment, a contract agency of an adult care home shall submit a request to the ~~Department of Public Safety~~ State Bureau of Investigation under ~~G.S. 143B-939~~ G.S. 143B-1209.20 to conduct a State or national criminal history record check required by this section, or shall submit a request to a private entity to conduct a State criminal history record check required by this section. Notwithstanding ~~G.S. 143B-939,~~ G.S. 143B-1209.20, the ~~Department of Public Safety~~ State Bureau of Investigation shall return the results of national criminal history record checks for employment positions not covered by Public Law 105-277 to the Department of Health and Human Services, Criminal Records Check Unit. Within five business days of receipt of the national criminal history of the person, the Department of Health and Human Services, Criminal Records Check Unit, shall notify the contract agency of the adult care home as to whether the information received may affect the employability of the applicant. In no case shall the results of the national criminal history record check be shared with the contract agency of the adult care home. Contract agencies of adult care homes shall make available upon request verification that a criminal history

check has been completed on any staff covered by this section. All criminal history information received by the contract agency is confidential and may not be disclosed, except to the applicant as provided by subsection (b) of this section.

…

(f) Conditional Employment. – An adult care home may employ an applicant conditionally prior to obtaining the results of a criminal history record check regarding the applicant if both of the following requirements are met:

(1) The adult care home shall not employ an applicant prior to obtaining the applicant's consent for a criminal history record check as required in subsection (a) of this section or the completed fingerprint cards as required in ~~G.S. 143B-939.~~G.S. 143B-1209.20.

(2) The adult care home shall submit the request for a criminal history record check not later than five business days after the individual begins conditional employment.

…."

SECTION 19F.4.(s) G.S. 131E-265 reads as rewritten:

"**§ 131E-265. Criminal history record checks required for certain applicants for employment.**

(a) Requirement; Nursing Home or Home Care Agency. – An offer of employment by a nursing home licensed under this Chapter to an applicant to fill a position that does not require the applicant to have an occupational license is conditioned on consent to a criminal history record check of the applicant. If the applicant has been a resident of this State for less than five years, then the offer of employment is conditioned on consent to a State and national criminal history record check of the applicant. The national criminal history record check shall include a check of the applicant's fingerprints. If the applicant has been a resident of this State for five years or more, then the offer is conditioned on consent to a State criminal history record check of the applicant. An offer of employment by a home care agency licensed under this Chapter to an applicant to fill a position that requires entering the patient's home is conditioned on consent to a criminal history record check of the applicant. In addition, employment status change of a current employee of a home care agency licensed under this Chapter from a position that does not require entering the patient's home to a position that requires entering the patient's home shall be conditioned on consent to a criminal history record check of that current employee. If the applicant for employment or if the current employee who is changing employment status has been a resident of this State for less than five years, then the offer of employment or change in employment status is conditioned on consent to a State and national criminal history record check. The national criminal history record check shall include a check of the applicant's or current employee's fingerprints. If the applicant or current employee has been a resident of this State for five years or more, then the offer is conditioned on consent to a State criminal history record check of the applicant or current employee applying for a change in employment status. A nursing home or a home care agency shall not employ an applicant who refuses to consent to a criminal history record check required by this section. In addition, a home care agency shall not change a current employee's employment status from a position that does not require entering the patient's home to a position that requires entering the patient's home who refuses to consent to a criminal history record check required by this section. Within five business days of making the conditional offer of employment, a nursing home or home care agency shall submit a request to the ~~Department of Public Safety~~ State Bureau of Investigation under ~~G.S. 143B-939~~ G.S. 143B-1209.20 to conduct a State or national criminal history record check required by this section, or shall submit a request to a private entity to conduct a State criminal history record check required by this section. Notwithstanding ~~G.S. 143B-939,~~ G.S. 143B-1209.20, the ~~Department of Public Safety~~ State Bureau of Investigation shall return the results of national criminal history record checks for employment positions not covered by Public Law 105-277 to

the Department of Health and Human Services, Criminal Records Check Unit. Within five business days of receipt of the national criminal history of the person, the Department of Health and Human Services, Criminal Records Check Unit, shall notify the nursing home or home care agency as to whether the information received may affect the employability of the applicant. In no case shall the results of the national criminal history record check be shared with the nursing home or home care agency. Nursing homes and home care agencies shall make available upon request verification that a criminal history check has been completed on any staff covered by this section. All criminal history information received by the home or agency is confidential and may not be disclosed, except to the applicant as provided in subsection (b) of this section.

(a1) Requirement; Contract Agency of Nursing Home or Home Care Agency. – An offer of employment by a contract agency of a nursing home or home care agency licensed under this Chapter to an applicant to fill a position that does not require the applicant to have an occupational license is conditioned upon consent to a criminal history record check of the applicant. If the applicant has been a resident of this State for less than five years, then the offer of employment is conditioned on consent to a State and national criminal history record check of the applicant. The national criminal history record check shall include a check of the applicant's fingerprints. If the applicant has been a resident of this State for five years or more, then the offer is conditioned on consent to a State criminal history record check of the applicant. A contract agency of a nursing home or home care agency shall not employ an applicant who refuses to consent to a criminal history record check required by this section. Within five business days of making the conditional offer of employment, a contract agency of a nursing home or home care agency shall submit a request to the ~~Department of Public Safety~~ State Bureau of Investigation under ~~G.S. 143B-939~~ G.S. 143B-1209.20 to conduct a State or national criminal history record check required by this section, or shall submit a request to a private entity to conduct a State criminal history record check required by this section. Notwithstanding ~~G.S. 143B-939,~~ G.S. 143B-1209.20, the ~~Department of Public Safety~~ State Bureau of Investigation shall return the results of national criminal history record checks for employment positions not covered by Public Law 105-277 to the Department of Health and Human Services, Criminal Records Check Unit. Within five business days of receipt of the national criminal history of the person, the Department of Health and Human Services, Criminal Records Check Unit, shall notify the contract agency of the nursing home or home care agency as to whether the information received may affect the employability of the applicant. In no case shall the results of the national criminal history record check be shared with the contract agency of the nursing home or home care agency. Contract agencies of nursing homes and home care agencies shall make available upon request verification that a criminal history check has been completed on any staff covered by this section. All criminal history information received by the contract agency is confidential and may not be disclosed, except to the applicant as provided by subsection (b) of this section.

…

(f) Conditional Employment. – A nursing home or home care agency may employ an applicant conditionally prior to obtaining the results of a criminal history record check regarding the applicant if both of the following requirements are met:

(1) The nursing home or home care agency shall not employ an applicant prior to obtaining the applicant's consent for a criminal history record check as required in subsection (a) of this section or the completed fingerprint cards as required in ~~G.S. 143B-939.~~G.S. 143B-1209.20.

(2) The nursing home or home care agency shall submit the request for a criminal history record check not later than five business days after the individual begins conditional employment.

…."

SECTION 19F.4.(t) G.S. 90-171.23(b)(19) reads as rewritten:

"(19) Request that the Department of Public Safety conduct criminal history record checks of applicants for licensure pursuant to ~~G.S. 143B-940.~~G.S. 143B-1209.21."

SECTION 19F.4.(u) G.S. 90-113.33(10) reads as rewritten:

"(10) Request that the Department of Public Safety conduct criminal history record checks of applicants for registration, certification, or licensure pursuant to ~~G.S. 143B-941.~~G.S. 143B-1209.22."

SECTION 19F.4.(v) The following statutes are amended by deleting the language "G.S. 143B-943" wherever it appears and substituting "G.S. 143B-1209.23": G.S. 153A-233, 153A-234, and 160A-292.

SECTION 19F.4.(w) G.S. 143-143.10(b)(6) reads as rewritten:

"(6) To request that the ~~Department of Public Safety~~ State Bureau of Investigation conduct criminal history checks of applicants for licensure pursuant to ~~G.S. 143B-944.~~G.S. 143B-1209.24."

SECTION 19F.4.(x) G.S. 153A-94.2 reads as rewritten:

"**§ 153A-94.2. Criminal history record checks of employees permitted.**

The board of commissioners may adopt or provide for rules and regulations or ordinances concerning a requirement that any applicant for employment be subject to a criminal history record check of State and National Repositories of Criminal Histories conducted by the ~~Department of Public Safety~~ State Bureau of Investigation in accordance with ~~G.S. 143B-945.~~ G.S. 143B-1209.25. The local or regional public employer may consider the results of these criminal history record checks in its hiring decisions."

SECTION 19F.4.(y) G.S. 160A-164.2 reads as rewritten:

"**§ 160A-164.2. Criminal history record check of employees permitted.**

The council may adopt or provide for rules and regulations or ordinances concerning a requirement that any applicant for employment be subject to a criminal history record check of State and National Repositories of Criminal Histories conducted by the ~~Department of Public Safety~~ State Bureau of Investigation in accordance with ~~G.S. 143B-945.~~ G.S. 143B-1209.25. The city may consider the results of these criminal history record checks in its hiring decisions."

SECTION 19F.4.(z) G.S. 74F-6(16) reads as rewritten:

"(16) Request that the ~~Department of Public Safety~~ State Bureau of Investigation conduct criminal history record checks of applicants for licensure and apprenticeships pursuant to ~~G.S. 143B-946.~~ G.S. 143B-1209.26."

SECTION 19F.4.(aa) G.S. 7A-349 reads as rewritten:

"**§ 7A-349. Criminal history record check; denial of employment, contract, or volunteer opportunity.**

The Judicial Department may deny employment, a contract, or a volunteer opportunity to any person who refuses to consent to a criminal history check authorized under ~~G.S. 143B-950~~ G.S. 143B-1209.31 and may dismiss a current employee, terminate a contractor, or terminate a volunteer relationship if that employee, contractor, or volunteer refuses to consent to a criminal history record check authorized under ~~G.S. 143B-950.~~G.S. 143B-1209.31."

SECTION 19F.4.(bb) G.S. 131E-159(g) reads as rewritten:

"(g) An individual who applies for EMS credentials, seeks to renew EMS credentials, or holds EMS credentials is subject to a criminal background review by the Department. At the request of the Department, the Emergency Medical Services Disciplinary Committee, established by G.S. 143-519, shall review criminal background information and make a recommendation regarding the eligibility of an individual to obtain initial EMS credentials, renew EMS credentials, or maintain EMS credentials. The Department and the Emergency Medical Services Disciplinary Committee shall keep all information obtained pursuant to this subsection confidential. The Medical Care Commission shall adopt rules to implement the provisions of this

subsection, including rules to establish a reasonable fee to offset the actual costs of criminal history information obtained pursuant to ~~G.S. 143B-952.~~G.S. 143B-1209.33."

SECTION 19F.4.(cc) G.S. 90-345(b) reads as rewritten:

"(b) The Board may request that an applicant for licensure, an applicant seeking reinstatement of a license, or a licensee under investigation by the Board for alleged criminal offenses in violation of this Article consent to a criminal history record check. Refusal to consent to a criminal history record check may constitute grounds for the Board to deny licensure to an applicant, deny reinstatement of a license to an applicant, or revoke the license of a licensee. The Board shall ensure that the State and national criminal history of an applicant is checked. The Board shall be responsible for providing to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant or licensee to be checked, a form signed by the applicant or licensee consenting to the criminal record check and the use of fingerprints and other identifying information required by the State or National Repositories of Criminal Histories, and any additional information required by the ~~Department of Public Safety~~ State Bureau of Investigation in accordance with ~~G.S. 143B-957.~~ G.S. 143B-1209.38. The Board shall keep all information obtained pursuant to this section confidential. The Board shall collect any fees required by the ~~Department of Public Safety~~ State Bureau of Investigation and shall remit the fees to the ~~Department of Public Safety~~ State Bureau of Investigation for expenses associated with conducting the criminal history record check."

SECTION 19F.4.(dd) G.S. 90-270.63(b) reads as rewritten:

"(b) The Board may request that an applicant for licensure, an applicant seeking reinstatement of a license, or a licensee under investigation by the Board for alleged criminal offenses in violation of this Article consent to a criminal history record check. Refusal to consent to a criminal history record check may constitute grounds for the Board to deny licensure to an applicant, deny reinstatement of a license to an applicant, or revoke the license of a licensee. The Board shall ensure that the State and national criminal history of an applicant is checked. The Board shall be responsible for providing to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant or licensee to be checked, a form signed by the applicant or licensee consenting to the criminal history record check and the use of fingerprints and other identifying information required by the State or National Repositories of Criminal Histories, and any additional information required by the ~~Department of Public Safety~~ State Bureau of Investigation in accordance with ~~G.S. 143B-958.~~ G.S. 143B-1209.39. The Board shall keep all information obtained pursuant to this section confidential. The Board shall collect any fees required by the ~~Department of Public Safety~~ State Bureau of Investigation and shall remit the fees to the ~~Department of Public Safety~~ State Bureau of Investigation for expenses associated with conducting the criminal history record check."

SECTION 19F.4.(ee) G.S. 14-415.4(d)(5) reads as rewritten:

"(5) The petitioner submits his or her fingerprints to the sheriff of the county in which the petitioner resides for a criminal background check pursuant to ~~G.S. 143B-959.~~G.S. 143B-1209.40."

SECTION 19F.4.(ff) G.S. 93E-1-6(c1) reads as rewritten:

"(c1) The Board shall also make an investigation as it deems necessary into the background of the applicant to determine the applicant's qualifications with due regard to the paramount interest of the public as to the applicant's competency, honesty, truthfulness, and integrity. All applicants shall consent to a criminal history record check. Refusal to consent to a criminal history record check may constitute grounds for the Board to deny an application. The Board shall ensure that the State and national criminal history of an applicant is checked. The Board shall be responsible for providing to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant to be checked, a form signed by the applicant consenting to the criminal history record check, and the use of fingerprints and other identifying information required by the State or National Repositories of Criminal Histories and any

additional information required by the ~~Department of Public Safety~~ State Bureau of Investigation in accordance with ~~G.S. 143B-961.~~ G.S. 143B-1209.42. The Board shall keep all information obtained pursuant to this section confidential. The Board shall collect any fees required by the ~~Department of Public Safety~~ State Bureau of Investigation and shall remit the fees to the ~~Department of Public Safety~~ State Bureau of Investigation for expenses associated with conducting the criminal history record check."

SECTION 19F.4.(gg) G.S. 93E-2-11(b) reads as rewritten:

"(b) The Board may require that an applicant for registration as an appraisal management company or a registrant consent to a criminal history record check. Refusal to consent to a criminal history record check may constitute grounds for the Board to deny registration to an applicant or registrant. The Board shall ensure that the State and national criminal history of an applicant or registrant is checked. The Board shall be responsible for providing to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant or registrant to be checked, a form signed by the applicant or registrant consenting to the criminal record check and the use of fingerprints and other identifying information required by the State or National Repositories of Criminal Histories, and any additional information required by the ~~Department of Public Safety~~ State Bureau of Investigation in accordance with ~~G.S. 143B-961.~~ G.S. 143B-1209.42. The Board shall keep all information obtained pursuant to this section confidential. The Board shall collect any fees required by the ~~Department of Public Safety~~ State Bureau of Investigation and shall remit the fees to the ~~Department of Public Safety~~ State Bureau of Investigation for expenses associated with conducting the criminal history record check."

SECTION 19F.4.(hh) G.S. 90-356(15) reads as rewritten:

"(15) Request that the ~~Department of Public Safety~~ State Bureau of Investigation conduct criminal history record checks of applicants for licensure pursuant to ~~G.S. 143B-966.~~G.S. 143B-1209.47."

SECTION 19F.4.(ii) G.S. 143B-426.39(18) reads as rewritten:

"(18) Require a criminal history record check of any current or prospective employee, volunteer, or contractor, which shall be conducted by the State Bureau of Investigation as provided in ~~G.S. 143B-966.~~ G.S. 143B-1209.47. The criminal history report shall be provided to the State Controller and is not a public record under Chapter 132 of the General Statutes."

SECTION 19F.4.(jj) G.S. 163-27.2(b) reads as rewritten:

"(b) A criminal history record check shall be required of all current or prospective permanent or temporary employees of the State Board and all current or prospective county directors of elections, which shall be conducted by the ~~Department of Public Safety~~ State Bureau of Investigation as provided in ~~G.S. 143B-968.~~ G.S. 143B-1209.49. The criminal history report shall be provided to the Executive Director, who shall keep all information obtained pursuant to this section confidential to the State Board, as provided in ~~G.S. 143B-968(d).~~ G.S. 143B-1209.49(d). A criminal history report provided under this subsection is not a public record under Chapter 132 of the General Statutes."

SECTION 19F.4.(kk) G.S. 163-35(b) reads as rewritten:

"(b) Appointment, Duties; Termination. – Upon receipt of a nomination from the county board of elections stating that the nominee for director of elections is submitted for appointment upon majority selection by the county board of elections the Executive Director shall issue a letter of appointment of such nominee to the chairman of the county board of elections within 10 days after receipt of the nomination, unless good cause exists to decline the appointment. The Executive Director may delay the issuance of appointment for a reasonable time if necessary to obtain a criminal history records check sought under ~~G.S. 143B-968.~~ G.S. 143B-1209.49. The Executive Director shall apply the standards provided in G.S. 163-27.2 in determining whether a nominee with a criminal history shall be selected. If the Executive Director determines a

nominee shall not be selected and does not issue a letter of appointment, the decision of the Executive Director of the State Board shall be final unless the decision is, within 10 days from the official date on which it was made, deferred by the State Board. If the State Board defers the decision, then the State Board shall make a final decision on appointment of the director of elections and may direct the Executive Director to issue a letter of appointment. If an Executive Director issues a letter of appointment, the county board of elections shall enter in its official minutes the specified duties, responsibilities and designated authority assigned to the director by the county board of elections. The specified duties and responsibilities shall include adherence to the duties delegated to the county board of elections pursuant to G.S. 163-33. A copy of the specified duties, responsibilities and designated authority assigned to the director shall be filed with the State Board of Elections. In the event the Executive Director is recused due to an actual or apparent conflict of interest from rendering a decision under this section, the chair and vice-chair of the State Board shall designate a member of staff to fulfill those duties."

SECTION 19F.4.(*ll*) G.S. 163-37.1(b) reads as rewritten:

"(b) The county board of elections shall require a criminal history record check of all current or prospective employees, which shall be conducted by the ~~Department of Public Safety~~ State Bureau of Investigation as provided in ~~G.S. 143B-969.~~ G.S. 143B-1209.50. The criminal history report shall be provided to the county board of elections. A county board of elections shall provide the criminal history record of all current or prospective employees required by G.S. 163-27.2 to the Executive Director and the State Board. The criminal history report shall be kept confidential as provided in ~~G.S. 143B-969(d)~~ G.S. 143B-1209.50(d) and is not a public record under Chapter 132 of the General Statutes."

SECTION 19F.4.(mm) G.S. 108A-150 reads as rewritten:

"**§ 108A-150. Criminal history record checks required for child care institutions.**

…

(c) Process. – Within five business days of making the conditional offer of employment, or formally discussing a volunteer opportunity, a child care institution, or a contract agency of a child care institution, shall submit a request to the ~~Department of Public Safety~~ State Bureau of Investigation under ~~G.S. 143B-972~~ G.S. 143B-1209.53 to conduct a State and national criminal history record check as required by this section. The ~~Department of Public Safety~~ State Bureau of Investigation shall return the results of the national criminal history record check to the Department of Health and Human Services, Criminal Records Check Unit.

…

(g) Conditional Employment. – A child care institution may employ an applicant conditionally prior to obtaining the results of a criminal history record check regarding the applicant if both of the following requirements are met:

(1) The child care institution shall not employ an applicant prior to obtaining the applicant's consent for a criminal history record check as required in subsection (b) of this section or the completed fingerprint cards as required in ~~G.S. 143B-972.~~G.S. 143B-1209.53.

(2) The child care institution shall submit the request for a criminal history record check not later than five business days after the individual begins conditional employment.

…."

SECTION 19F.4.(nn) G.S. 120-32(2a) reads as rewritten:

"(2a) Obtain a criminal history record check of a prospective employee, volunteer, or contractor of the General Assembly. The criminal history record check shall be conducted by the State Bureau of Investigation as provided in ~~G.S. 143B-972.~~ G.S.143B-1209.55. The criminal history report shall be provided to the Legislative Services Officer and is not a public record under Chapter 132 of the General Statutes."

SECTION 19F.4.(oo) G.S. 15A-145.4(c)(4) reads as rewritten:

"(4) An application on a form approved by the Administrative Office of the Courts requesting and authorizing (i) a State and national criminal history record check by the ~~Department of Public Safety~~ State Bureau of Investigation using any information required by the Administrative Office of the Courts to identify the individual; (ii) a search by the ~~Department of Public Safety~~ State Bureau of Investigation for any outstanding warrants or pending criminal cases; and (iii) a search of the confidential record of expunctions maintained by the Administrative Office of the Courts. The application shall be filed with the clerk of superior court. The clerk of superior court shall forward the application to the ~~Department of Public Safety~~ State Bureau of Investigation and to the Administrative Office of the Courts, which shall conduct the searches and report their findings to the court."

SECTION 19F.4.(pp) G.S. 15A-145.5(c1)(4) reads as rewritten:

"(4) An application on a form approved by the Administrative Office of the Courts requesting and authorizing a name-based State and national criminal history record check by the ~~Department of Public Safety~~ State Bureau of Investigation using any information required by the Administrative Office of the Courts to identify the individual, a search by the ~~Department of Public Safety~~ State Bureau of Investigation for any outstanding warrants on pending criminal cases, and a search of the confidential record of expunctions maintained by the Administrative Office of the Courts. The application shall be filed with the clerk of superior court. The clerk of superior court shall forward the application to the ~~Department of Public Safety~~ State Bureau of Investigation and to the Administrative Office of the Courts, which shall conduct the searches and report their findings to the court."

SECTION 19F.4.(qq) G.S. 15A-145.6(c)(4) reads as rewritten:

"(4) An application on a form approved by the Administrative Office of the Courts requesting and authorizing (i) a State and national criminal history record check by the ~~Department of Public Safety~~ State Bureau of Investigation using any information required by the Administrative Office of the Courts to identify the individual; (ii) a search by the ~~Department of Public Safety~~ State Bureau of Investigation for any outstanding warrants or pending criminal cases; and (iii) a search of the confidential record of expunctions maintained by the Administrative Office of the Courts. The application shall be filed with the clerk of superior court. The clerk of superior court shall forward the application to the ~~Department of Public Safety~~ State Bureau of Investigation and to the Administrative Office of the Courts, which shall conduct the searches and report their findings to the court."

SECTION 19F.4.(rr) G.S. 48-3-309 reads as rewritten:

"**§ 48-3-309. Mandatory preplacement criminal checks of prospective adoptive parents seeking to adopt a minor who is in the custody or placement responsibility of a county department of social services and mandatory preplacement criminal checks of all individuals 18 years of age or older who reside in the prospective adoptive home.**

…

(c) The ~~Department of Public Safety~~ State Bureau of Investigation shall provide to the Department of Health and Human Services the criminal history of any individual required to be checked under subsection (a) of this section as requested by the Department and obtained from the State and National Repositories of Criminal Histories. The Department shall provide to the ~~Department of Public Safety,~~ State Bureau of Investigation, along with the request, the

fingerprints of any individual to be checked, any additional information required by the ~~Department of Public Safety,~~ State Bureau of Investigation, and a form consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the State or National Repositories signed by the individual to be checked. The fingerprints of any individual to be checked shall be ~~forwarded to~~ used by the State Bureau of Investigation for a search of the State's criminal history record file, and the State Bureau of Investigation shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check.

…

(h) The ~~Department of Public Safety~~ State Bureau of Investigation shall perform the State and national criminal history checks on prospective adoptive parents seeking to adopt a minor in the custody or placement responsibility of a county department of social services and all individuals 18 years of age or older who reside in the prospective adoptive home and shall charge the Department of Health and Human Services a reasonable fee only for conducting the checks of the national criminal history records authorized by this section. The Division of Social Services, Department of Health and Human Services, shall bear the costs of implementing this section."

SECTION 19F.4.(ss) G.S. 53-244.050 reads as rewritten:

"**§ 53-244.050. License and registration application; claim of exemption.**

…

(d) For the purposes of this section and in order to reduce the points of contact that the Federal Bureau of Investigation may have to maintain for purposes of the criminal information required by this section, the Commissioner may use the Nationwide Mortgage Licensing System and Registry as a channeling agent for requesting information from and distributing information to the ~~Department of Public Safety~~ State Bureau of Investigation or any governmental agency.

…

(f) For purposes of this section, the Commissioner may request and the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation may provide a criminal record check to the Commissioner for any person who (i) has applied for or holds a mortgage lender, mortgage broker, mortgage servicer, mortgage loan originator, or transitional mortgage loan originator license as provided by this section or (ii) has applied for or holds a registration as a registrant under this section. The Commissioner shall provide the ~~Department of Public Safety,~~ State Bureau of Investigation, along with the request, the fingerprints of the person, any additional information required by the ~~Department of Public Safety,~~ State Bureau of Investigation, and a form signed by the person consenting to the check of the criminal record and to the use of the fingerprints and other identifying information required by the State or national repositories. The person's fingerprints shall be ~~forwarded to~~ used by the State Bureau of Investigation for a search of the State's criminal history record file, and the State Bureau of Investigation shall forward a set of the fingerprints to the Federal Bureau of Investigation for a national criminal history check. The ~~Department of Public Safety~~ State Bureau of Investigation may charge a fee for each person for conducting the checks of criminal history records authorized by this section.

…."

SECTION 19F.4.(tt) G.S. 58-71-51(a) reads as rewritten:

"(a) Authorization. – The ~~Department of Public Safety~~ State Bureau of Investigation may provide a criminal history record check to the Commissioner for a person who has applied to the Commissioner for a new or renewal license as a bail bondsman or runner. The Commissioner shall provide to the ~~Department of Public Safety,~~ State Bureau of Investigation, along with the request, the fingerprints of the new or renewal applicant. The applicant shall furnish the Commissioner with a complete set of the applicant's fingerprints in a manner prescribed by the Commissioner. The ~~Department of Public Safety~~ State Bureau of Investigation shall provide a criminal history record check based upon the new or renewal applicant's fingerprints. The

Commissioner shall provide any additional information required by the ~~Department of Public Safety~~ State Bureau of Investigation and a form signed by the applicant consenting to the check of the criminal record and to the use of the fingerprints and other identifying information required by the State or national repositories. The new or renewal applicant's fingerprints shall be ~~forwarded to~~ used by the State Bureau of Investigation for a search of the State's criminal history record file, and the State Bureau of Investigation shall forward a set of the fingerprints to the Federal Bureau of Investigation for a national criminal history check. The ~~Department of Public Safety~~ State Bureau of Investigation may charge each new or renewal applicant a fee for conducting the checks of criminal history records authorized by this subsection."

SECTION 19F.4.(uu) G.S. 58-89A-60(d) reads as rewritten:

"(d) Every applicant shall furnish the Commissioner a complete set of fingerprints of each officer, director, and controlling person in a form prescribed by the Commissioner. Each set of fingerprints shall be certified by an authorized law enforcement officer.

Upon request by the Department, the ~~Department of Public Safety~~ State Bureau of Investigation shall provide to the Department from the State and National Repositories of Criminal Histories the criminal history of any applicant and the officer, director, and controlling person of any applicant. Along with the request, the Department shall provide to the ~~Department of Public Safety~~ State Bureau of Investigation the fingerprints of the person that is the subject of the request, a form signed by the person that is the subject of the request consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ State Bureau of Investigation. The person's fingerprints shall be ~~forwarded to~~ used by the State Bureau of Investigation for a search of the State's criminal history record file, and the State Bureau of Investigation may forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Department shall keep all information obtained pursuant to this subsection confidential. The ~~Department of Public Safety~~ State Bureau of Investigation may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

In the event that an applicant has secured a professional employer organization license in another state in which the professional employer organization's controlling persons have completed a criminal background investigation within 12 months of this application, a certified copy of the report from the appropriate authority of that state may satisfy the requirement of this subsection. This subsection also applies to a change in a controlling party of a professional employer organization. For purposes of investigation under this subsection, the Commissioner shall have all the power conferred by G.S. 58-2-50 and other applicable provisions of this Chapter."

SECTION 19F.4.(vv) G.S. 66-407 reads as rewritten:

"**§ 66-407. Permits.**

(a) Dealer Permit. – Except as provided in subsection (c) of this section, it is unlawful for any person to engage as a dealer in the business of purchasing precious metals either as a separate business or in connection with other business operations without first obtaining a permit for the business from the local law enforcement agency. The Department of Public Safety shall approve the forms for both the application and the permit. The application shall be given under oath and shall be notarized. A 30-day waiting period from the date of filing of the application is required prior to initial issuance of a permit. A separate permit shall be issued for each location, place, or premises within the jurisdiction of the local law enforcement agency which is used for conducting a precious metals business, and each permit shall designate the location, place or premises to which it applies. No business shall be conducted in a place other than that designated in the permit, or in a mobile home, trailer, camper, or other vehicle, or structure not permanently affixed to the ground or in any room customarily used for lodging in any hotel, motel, tourist

court, or tourist home. The permit shall be posted in a prominent place on the designated premises. Permits shall be valid for a period of 12 months from the date issued and may be renewed without a waiting period upon filing of an application and payment of the annual fee. The annual fee for a permit within each jurisdiction is one hundred eighty dollars ($180.00) to provide for the administrative costs of the local law enforcement agency, including the purchase of required forms and the cost of conducting the criminal history record check of the applicant. The fee is not refundable even if the permits are denied or later suspended or revoked. A permit issued under this section is in addition to and not in lieu of other business licenses and is not transferable. No person other than the dealer named on the permit and that dealer's employees may engage in the business of purchasing precious metals under the authority of the permit.

Any dealer applying to the local law enforcement agency for a permit shall furnish the local law enforcement agency with the following information:

(1) The applicant's full name, and any other names used by the applicant during the preceding five years. In the case of a partnership, association, or corporation, the applicant shall list any partnership, association, or corporate names used during the preceding five years.
(2) Current address, and all addresses used by the applicant during the preceding five years.
(3) Physical description.
(4) Age.
(5) Driver's license number, if any, and state of issuance.
(6) Recent photograph.
(7) Record of felony convictions.
(8) Record of other convictions during the preceding five years.
(9) A full set of fingerprints of the applicant.

If the applicant for a dealer's permit is a partnership or association, all persons owning a ten percent (10%) or more interest in the partnership or association shall comply with the provisions of this subsection. These permits shall be issued in the name of the partnership or association.

If the applicant for a dealer's permit is a corporation, each officer, director and stockholder owning ten percent (10%) or more of the corporation's stock, of any class, shall comply with the provisions of this subsection. These permits shall be issued in the name of the corporation.

No permit shall be issued to an applicant who has been convicted of a felony involving a crime of moral turpitude, or larceny, or receiving stolen goods or of similar charges in any federal court or a court of this or any other state, unless the applicant has had his or her rights of citizenship restored pursuant to Chapter 13 of the General Statutes for five years or longer immediately preceding the date of application. In the case of a partnership, association, or corporation, no permit shall be issued to any applicant with an officer, partner, or director who has been convicted of a felony involving a crime of moral turpitude, or larceny, or receiving stolen goods or of similar charges in any federal court or a court of this or any other state, unless that person has had his or her rights of citizenship restored pursuant to Chapter 13 of the General Statutes for five years or longer immediately preceding the date of application.

The ~~Department of Public Safety~~ State Bureau of Investigation may provide a criminal history record check to the local law enforcement agency for a person who has applied for a permit through the agency. The agency shall provide to the ~~Department of Public Safety,~~ State Bureau of Investigation, along with the request, the fingerprints of the applicant, any additional information required by the ~~Department of Public Safety,~~ State Bureau of Investigation, and a form signed by the applicant consenting to the check of the criminal record and to the use of the fingerprints and other identifying information required by the State or national repositories. The applicant's fingerprints shall be ~~forwarded to~~ used by the State Bureau of Investigation for a search of the State's criminal history record file, and the State Bureau of Investigation shall forward a set of the fingerprints to the Federal Bureau of Investigation for a national criminal

history record check. The agency shall keep all information pursuant to this subsection privileged, in accordance with applicable State law and federal guidelines, and the information shall be confidential and shall not be a public record under Chapter 132 of the General Statutes.

The ~~Department of Public Safety~~ State Bureau of Investigation may charge each applicant a fee for conducting the checks of criminal history records authorized by this subsection.

(b) Employee Requirements. – Every employee engaged in the precious metals purchasing business shall, within two business days of being so engaged, register his or her name and address with the local law enforcement agency and have his or her photograph taken by the agency. The employee also shall consent to a criminal history record check, which shall be performed by the local law enforcement agency. A person who refuses to consent to a criminal history record check shall not be employed by a dealer required to be licensed under this section. A person who has been convicted of a felony involving a crime of moral turpitude, larceny, receiving stolen goods, or of similar charges shall not be employed by a dealer required to be licensed under this section, unless the person has had his or her rights of citizenship restored pursuant to Chapter 13 of the General Statutes for five years or longer immediately preceding the date of registration. The agency shall issue to the employee a certificate of compliance with this section upon the applicant's payment of the sum of ten dollars ($10.00) to the agency. The certificate shall be renewed annually for a three-dollar ($3.00) fee and shall be posted in the work area of the registered employee. An employee is not subject to the requirements of this subsection if the employee is engaged in the precious metals purchasing business only incidentally to his or her main job responsibilities, and each precious metals transaction with which the employee is involved is overseen by a licensed dealer or registered employee. All records of transactions must be signed by the licensed dealer or registered employee at the time of the transaction, as required under G.S. 66-410(a).

The ~~Department of Public Safety~~ State Bureau of Investigation may provide a criminal history record check to the local law enforcement agency for an employee engaged in the precious metals business. The agency shall provide to the ~~Department of Public Safety,~~ State Bureau of Investigation, along with the request, the fingerprints of the employee, any additional information required by the ~~Department of Public Safety,~~ State Bureau of Investigation, and a form signed by the employee consenting to the check of the criminal record and to the use of the fingerprints and other identifying information required by the State or national repositories. The employee's fingerprints shall be ~~forwarded to~~ used by the State Bureau of Investigation for a search of the State's criminal history record file, and the State Bureau of Investigation shall forward a set of the fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The agency shall keep all information pursuant to this subsection privileged, in accordance with applicable State law and federal guidelines, and the information shall be confidential and shall not be a public record under Chapter 132 of the General Statutes.

The ~~Department of Public Safety~~ State Bureau of Investigation may charge each employee a fee for conducting the checks of criminal history records authorized by this subsection.

(c) Special Occasion Permit. – A special occasion permit authorizes the permittee to purchase precious metals as a dealer participating in any trade shows, antique shows, and crafts shows conducted within the State. A special occasion permit shall be issued by any local law enforcement agency; provided, however, that a permittee under subsection (a) of this section shall apply for a special occasion permit with the local law enforcement agency that issued the dealer's permit. The Department of Public Safety shall approve the forms for both the application and the permit. The application shall be given under oath and notarized. A 30-day waiting period from the date of filing of the application is required prior to initial issuance of a permit.

Any dealer applying to a local law enforcement agency for a special occasion permit shall furnish the local law enforcement agency with the information required in an application for a dealer's permit as set forth in subsection (a) of this section. In addition, the applicant shall provide a physical address where any item included in a dealer purchase will be held for the period

required under G.S. 66-411. The physical address shall be the location where the purchase was made, unless another physical address within the law enforcement jurisdiction where the purchase was made is approved by the law enforcement agency that issues the permit. The items shall be available at all reasonable times for inspection on the premises by law enforcement agencies.

If the applicant for a special occasion permit is a partnership or association, all persons owning a ten percent (10%) or more interest in the partnership or association shall comply with the provisions of this subsection. Any such permits shall be issued in the name of the partnership or association.

If the applicant for a special occasion permit is a corporation, each officer, director and stockholder owning ten percent (10%) or more of the corporation's stock, of any class, shall comply with the provisions of this subsection. Any such permits shall be issued in the name of the corporation.

No permit shall be issued to an applicant who has been convicted of a felony involving a crime of moral turpitude, or larceny, or receiving stolen goods or of similar charges in any federal court or a court of this or any other state, unless the applicant has had his or her rights of citizenship restored pursuant to Chapter 13 of the General Statutes for five years or longer immediately preceding the date of application. In the case of a partnership, association, or corporation, no permit shall be issued to any applicant with an officer, partner, or director who has been convicted of a felony involving a crime of moral turpitude, or larceny, or receiving stolen goods or of similar charges in any federal court or a court of this or any other state, unless that person has had his or her rights of citizenship restored pursuant to Chapter 13 of the General Statutes for five years or longer immediately preceding the date of application.

The ~~Department of Public Safety~~ State Bureau of Investigation may provide a criminal history record check to the local law enforcement agency for a person who has applied for a permit through the agency. The agency shall provide to the ~~Department of Public Safety,~~ State Bureau of Investigation, along with the request, the fingerprints of the applicant, any additional information required by the ~~Department of Public Safety,~~ State Bureau of Investigation, and a form signed by the applicant consenting to the check of the criminal record and to the use of the fingerprints and other identifying information required by the State or national repositories. The applicant's fingerprints shall be ~~forwarded to~~ used by the State Bureau of Investigation for a search of the State's criminal history record file, and the State Bureau of Investigation shall forward a set of the fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The agency shall keep all information pursuant to this subsection privileged, in accordance with applicable State law and federal guidelines, and the information shall be confidential and shall not be a public record under Chapter 132 of the General Statutes.

The ~~Department of Public Safety~~ State Bureau of Investigation may charge each applicant a fee for conducting the checks of criminal history records authorized by this subsection.

The filing fee for a special occasion permit application is one hundred eighty dollars ($180.00) to provide for the administrative cost of the local law enforcement agency including purchase of required forms and the cost of conducting the criminal history record check of the applicant. The fee is not refundable even if the permit is denied or is later suspended or revoked. A special occasion permit is in addition to and not in lieu of other business licenses and is not transferable. No person other than the dealer named on the permit and that dealer's employees may engage in the business of purchasing precious metals under the authority of the permit.

A special occasion permit is valid for 12 months from the date issued, unless earlier surrendered, suspended, or revoked. Application for renewal of a permit for an additional 12 months shall be on a form approved by the Department of Public Safety and shall be accompanied by a nonrefundable renewal fee of one hundred eighty dollars ($180.00).

Each special occasion permit shall be posted in a prominent place on the premises of any show at which the permittee purchases precious metals."

SECTION 19F.4.(ww) G.S. 70-13.1(b) reads as rewritten:

"(b) All applicants shall consent to a criminal history record check. Refusal to consent to a criminal history record check or to the use of fingerprints or other identifying information may constitute grounds for the Department of Natural and Cultural Resources to deny a permit or a license to an applicant. The Department of Natural and Cultural Resources shall be responsible for providing to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant to be checked, a form signed by the applicant consenting to the criminal record check and the use of fingerprints and other identifying information required by the State or National Repositories of Criminal Histories, and any additional information required by the ~~Department of Public Safety.~~ State Bureau of Investigation. If the applicant is not an individual, the applicant shall provide fingerprints for the principals, officers, directors, and controlling persons of the applicant. Each set of fingerprints shall be certified by an authorized law enforcement officer. The Department of Natural and Cultural Resources shall keep all information obtained under this section confidential."

SECTION 19F.4.(xx) G.S. 74F-18(b) reads as rewritten:

"(b) All applicants for licensure or apprentice designation shall consent to a criminal history record check. Refusal to consent to a criminal history record check may constitute grounds for the Board to deny licensure or apprentice designation to an applicant. The Board shall ensure that the State and national criminal history of an applicant is checked. The Board shall be responsible for providing to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant to be checked, a form signed by the applicant consenting to the criminal record check and the use of fingerprints and other identifying information required by the State or National Repositories of Criminal Histories, and any additional information required by the ~~Department of Public Safety.~~ State Bureau of Investigation. The Board shall keep all information obtained pursuant to this section confidential. The Board shall collect any fees required by the ~~Department of Public Safety~~ State Bureau of Investigation and shall remit the fees to the ~~Department of Public Safety~~ State Bureau of Investigation for expenses associated with conducting the criminal history record check."

SECTION 19F.4.(yy) G.S. 85B-3.2 reads as rewritten:

"**§ 85B-3.2. Criminal history record checks of applicants for licensure.**

…

(b) The Commission shall ensure that the State criminal history of an applicant is checked. National criminal history checks are authorized for an applicant who has not resided in the State of North Carolina during the past five years. The Commission shall provide to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant to be checked, a form signed by the applicant to be checked consenting to the check of the criminal history and to the use of fingerprints and other identifying information required by the State or National Repositories, and any additional information required by the ~~Department of Public Safety.~~State Bureau of Investigation.

(c) All releases of criminal history information to the Commission are subject to, and shall comply with, rules governing the dissemination of criminal history record checks as adopted by the ~~North Carolina Department of Public Safety.~~ State Bureau of Investigation. All of the information the Commission receives through the checking of the criminal history is for the exclusive use of the Commission and shall be kept confidential.

…

(g) The Commission shall collect any fees required by the ~~Department of Public Safety~~ State Bureau of Investigation and shall remit the fees to the ~~Department of Public Safety~~ State Bureau of Investigation for expenses associated with conducting the criminal history record check."

SECTION 19F.4.(zz) G.S. 90-113.46A(a) reads as rewritten:

"(a) All applicants for registration, certification, or licensure shall consent to a criminal history record check. Refusal to consent to a criminal history record check may constitute grounds for the Board to deny registration, certification, or licensure to an applicant. The Board shall ensure that the State and national criminal history of an applicant is checked. The Board shall be responsible for providing to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant to be checked, a form signed by the applicant consenting to the criminal history record check and the use of fingerprints and other identifying information required by the State or National Repositories, the fee required by the ~~Department of Public Safety~~ State Bureau of Investigation for providing this service, and any additional information required by the ~~Department of Public Safety.~~ State Bureau of Investigation. The Board shall keep all information obtained pursuant to this section confidential."

SECTION 19F.4.(aaa) G.S. 90-171.48 reads as rewritten:

"**§ 90-171.48. Criminal history record checks of applicants for licensure.**

…

(b) All applicants for licensure shall consent to a criminal history record check. Refusal to consent to a criminal history record check may constitute grounds for the Board to deny licensure to an applicant. The Board shall ensure that the State and national criminal history of an applicant applying for initial licensure as a registered nurse or licensed practical nurse either by examination pursuant to G.S. 90-171.29 or G.S. 90-171.30 or without examination pursuant to G.S. 90-171.32 is checked. The Board may request a criminal history record check for applicants applying for reinstatement of licensure pursuant to G.S.90-171.35 or returning to active status pursuant to G.S. 90-171.36 as a registered nurse or licensed practical nurse.

The Board shall be responsible for providing to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant to be checked, a form signed by the applicant consenting to the criminal record check and the use of fingerprints and other identifying information required by the State or National Repositories, and any additional information required by the ~~Department of Public Safety.~~ State Bureau of Investigation. The Board shall keep all information obtained pursuant to this section confidential.

(c) If an applicant's criminal history record check reveals one or more convictions listed under ~~subsection~~ subdivision (a)(2) of this section, the conviction shall not automatically bar licensure. The Board shall consider all of the following factors regarding the conviction:

(1) The level of seriousness of the crime.
(2) The date of the crime.
(3) The age of the person at the time of the conviction.
(4) The circumstances surrounding the commission of the crime, if known.
(5) The nexus between the criminal conduct of the person and the job duties of the position to be filled.
(6) The person's prison, jail, probation, parole, rehabilitation, and employment records since the date the crime was committed.
(7) The subsequent commission by the person of a crime listed in subsection (a) of this section.

If, after reviewing the factors, the Board determines that the grounds set forth in G.S. 90-171.37 exist, the Board may deny licensure of the applicant. The Board may disclose to the applicant information contained in the criminal history record check that is relevant to the denial. The Board shall not provide a copy of the criminal history record check to the applicant. The applicant shall have the right to appear before the Board to appeal the Board's decision. However, an appearance before the full Board shall constitute an exhaustion of administrative remedies in accordance with Chapter 150B of the General Statutes.

…."

SECTION 19F.4.(bbb) G.S. 90-270.155(a) reads as rewritten:

"(a) The Board may request that an applicant for licensure or reinstatement of a license or that a licensed psychologist or psychological associate currently under investigation by the Board for allegedly violating this Article consent to a criminal history record check. Refusal to consent to a criminal history record check may constitute grounds for the Board to deny licensure or reinstatement of a license to an applicant or take disciplinary action against a licensee, including revocation of a license. The Board shall be responsible for providing to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant or licensee to be checked, a form signed by the applicant or licensee consenting to the criminal record check and the use of fingerprints and other identifying information required by the State or National Repositories, and any additional information required by the ~~Department of Public Safety.~~ State Bureau of Investigation. The Board shall keep all information obtained pursuant to this section confidential.

The Board shall collect any fees required by the ~~Department of Public Safety~~ State Bureau of Investigation and shall remit the fees to the ~~Department of Public Safety~~ State Bureau of Investigation for the cost of conducting the criminal history record check."

SECTION 19F.4.(ccc) G.S. 90-270.96 reads as rewritten:

"**§ 90-270.96. Criminal history record checks of applicants for licensure.**

(a) All applicants for licensure shall consent to a criminal history record check. Refusal to consent to a criminal history record check may constitute grounds for the Board to deny licensure to an applicant. The Board shall be responsible for providing to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant to be checked, a form signed by the applicant consenting to the criminal history record check and the use of fingerprints and other identifying information required by the State or National Repositories, and any additional information required by the ~~Department of Public Safety.~~ State Bureau of Investigation. The Board shall keep all information obtained pursuant to this section confidential.

(b) The cost of the criminal history record check and the fingerprinting shall be borne by the applicant. The Board shall collect any fees required by the ~~Department of Public Safety~~ State Bureau of Investigation and shall remit the fees to the ~~Department of Public Safety~~ State Bureau of Investigation for expenses associated with conducting the criminal history record check.

…."

SECTION 19F.4.(ddd) G.S. 90-288.01(b) reads as rewritten:

"(b) Criminal History Record Check. – The Board shall require a criminal history record check of all applicants for initial licensure and temporary licensure. The Board, in its discretion, may require a criminal history record check of an applicant for license renewal. Refusal to consent to a criminal history record check may constitute grounds for the Board to deny licensure to an applicant. The Board shall provide to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant to be checked, a form signed by the applicant consenting to the criminal history record check and the use of fingerprints and other identifying information required by the State or National Repositories, and any additional information required by the ~~Department of Public Safety.~~ State Bureau of Investigation. The Board shall keep all information obtained pursuant to this section confidential. The Board shall collect any fees required by the ~~Department of Public Safety~~ State Bureau of Investigation and shall remit the fees to the ~~Department of Public Safety~~ State Bureau of Investigation for expenses associated with conducting the criminal history record check."

SECTION 19F.4.(eee) G.S. 90-357.6 reads as rewritten:

"**§ 90-357.6. Criminal history record checks of applicants for licensure.**

(a) All applicants for licensure shall consent to a criminal history record check. The Board may request a criminal history record check of applicants returning to active status as a licensed dietitian/nutritionist or a licensed nutritionist. Refusal to consent to a criminal history record check may constitute grounds for the Board to deny licensure to an applicant. The Board

shall ensure that the State and national criminal history of each applicant is checked. The Board shall be responsible for providing to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant to be checked, a form signed by the applicant consenting to the criminal history record check and the use of fingerprints and other identifying information required by the State or National Repositories, the fee required by the ~~Department of Public Safety~~ State Bureau of Investigation for providing this service, and any additional information required by the ~~Department of Public Safety.~~ State Bureau of Investigation. The Board shall keep all information obtained pursuant to this section confidential.

(b) The cost of the criminal history record check and the fingerprinting shall be borne by the applicant. The Board shall collect any fees required by the ~~Department of Public Safety~~ State Bureau of Investigation and shall remit the fees to the ~~Department of Public Safety~~ State Bureau of Investigation for expenses associated with conducting the criminal history record check.

…."

SECTION 19F.4.(fff) G.S. 90-622(2b) reads as rewritten:

"(2b) Criminal history record check. – A report resulting from a request made by the Board to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation for a history of conviction of a crime, whether a misdemeanor or felony, that bears on an applicant's fitness for licensure to practice massage and bodywork therapy."

SECTION 19F.4.(ggg) G.S. 90-629(6) reads as rewritten:

"(6) Has submitted fingerprint cards in a form acceptable to the Board at the time the license application is filed and consented to a criminal history record check by the ~~North Carolina Department of Public Safety.~~State Bureau of Investigation."

SECTION 19F.4.(hhh) G.S. 90-629.1(a) reads as rewritten:

"(a) All applicants for licensure to practice massage and bodywork therapy or to operate a massage and bodywork therapy establishment shall consent to a criminal history record check. Refusal to consent to a criminal history record check may constitute grounds for the Board to deny licensure to an applicant. The Board shall ensure that the State and national criminal history of an applicant is checked. The Board shall be responsible for providing to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant to be checked, a form signed by the applicant consenting to the criminal record check and the use of fingerprints and other identifying information required by the State or National Repositories, and any additional information required by the ~~Department of Public Safety.~~ State Bureau of Investigation. The Board shall keep all information obtained pursuant to this section confidential."

SECTION 19F.4.(iii) G.S. 90-632.11(a)(4) reads as rewritten:

"(4) Fingerprint cards submitted in accordance with G.S. 90-629.1 at the time the license application is filed and consented to a criminal history record check by the ~~Department of Public Safety.~~State Bureau of Investigation."

SECTION 19F.4.(jjj) G.S. 90-652(1) reads as rewritten:

"(1) Determine the qualifications and fitness of applicants for licensure, renewal of licensure, and reciprocal licensure. The Board shall, in its discretion, investigate the background of an applicant to determine the applicant's qualifications with due regard given to the applicant's competency, honesty, truthfulness, and integrity. The ~~Department of Public Safety~~ State Bureau of Investigation may provide a criminal record check to the Board for a person who has applied for a license through the Board. The Board shall provide to the ~~Department of Public Safety,~~ State Bureau of Investigation, along with the request, the fingerprints of the applicant, any additional information required by the ~~Department of Public Safety,~~ State Bureau of Investigation, and a form

signed by the applicant consenting to the check of the criminal record and to the use of the fingerprints and other identifying information required by the State or national repositories. The applicant's fingerprints shall be ~~forwarded to~~ used by the State Bureau of Investigation for a search of the State's criminal history record file, and the State Bureau of Investigation shall forward a set of the fingerprints to the Federal Bureau of Investigation for a national criminal history check. The Board shall keep all information pursuant to this subdivision privileged, in accordance with applicable State law and federal guidelines, and the information shall be confidential and shall not be a public record under Chapter 132 of the General Statutes. The Board shall collect any fees required by the ~~Department of Public Safety~~ State Bureau of Investigation and shall remit the fees to the ~~Department of Public Safety~~ State Bureau of Investigation for expenses associated with conducting the criminal history record check."

SECTION 19F.4.(kkk) G.S. 115C-238.73(c) reads as rewritten:

"(c) The board of directors shall require the person to be checked by the ~~Department of Public Safety~~ State Bureau of Investigation (i) to be fingerprinted and to provide any additional information required by the ~~Department of Public Safety~~ State Bureau of Investigation to a person designated by the board of directors or to the local sheriff or the municipal police, whichever is more convenient for the person, and (ii) to sign a form consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the repositories. The board of directors shall consider refusal to consent when making employment decisions and decisions with regard to independent contractors. The fingerprints of the individual shall be ~~forwarded to~~ used by the State Bureau of Investigation for a search of the State criminal history record file, and the State Bureau of Investigation shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The ~~Department of Public Safety~~ State Bureau of Investigation shall provide to the board of directors the criminal history from the State and National Repositories of Criminal Histories of any school personnel for which the board of directors requires a criminal history record check.

The board of directors shall not require school personnel to pay for the fingerprints authorized under this section."

SECTION 19F.4.(*lll*) G.S. 115C-332(c) reads as rewritten:

"(c) The ~~Department of Public Safety~~ State Bureau of Investigation shall provide to the local board of education the criminal history from the State and National Repositories of Criminal Histories of any applicant for a school personnel position in the local school administrative unit for which a local board of education requires a criminal history check. The local board of education shall require the person to be checked by the ~~Department of Public Safety~~ State Bureau of Investigation to (i) be fingerprinted and to provide any additional information required by the ~~Department of Public Safety~~ State Bureau of Investigation to a person designated by the local board, or to the local sheriff or the municipal police, whichever is more convenient for the person, and (ii) sign a form consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the repositories. The local board of education shall consider refusal to consent when making employment decisions and decisions with regard to independent contractors.

The local board of education shall not require an applicant to pay for being fingerprinted."

SECTION 19F.4.(mmm) G.S. 116-239.12(c) reads as rewritten:

"(c) The chancellor shall require the person to be checked by the ~~Department of Public Safety~~ State Bureau of Investigation (i) to be fingerprinted and to provide any additional information required by the ~~Department of Public Safety~~ State Bureau of Investigation to a person designated by the chancellor or to the local sheriff, the campus police department of the constituent institution, or the municipal police, whichever is more convenient for the person and

(ii) to sign a form consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the repositories. The chancellor shall consider refusal to consent when making employment decisions and decisions with regard to independent contractors. The fingerprints of the individual shall be ~~forwarded to~~ used by the State Bureau of Investigation for a search of the State criminal history record file, and the State Bureau of Investigation shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The ~~Department of Public Safety~~ State Bureau of Investigation shall provide to the chancellor the criminal history from the State and National Repositories of Criminal Histories of any school personnel for which the chancellor requires a criminal history record check.

The chancellor shall not require school personnel to pay for fingerprints authorized under this section."

SECTION 19F.4.(nnn) G.S. 121-25.1(b) reads as rewritten:

"(b) All applicants shall consent to a criminal history record check. Refusal to consent to a criminal history record check or to the use of fingerprints or other identifying information may constitute grounds for the Department of Natural and Cultural Resources to deny a permit or a license to an applicant. The Department of Natural and Cultural Resources shall be responsible for providing to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant to be checked, a form signed by the applicant consenting to the criminal record check and the use of fingerprints and other identifying information required by the State or National Repositories of Criminal Histories, and any additional information required by the ~~Department of Public Safety.~~ State Bureau of Investigation. If the applicant is not an individual, the applicant shall provide fingerprints for the principals, officers, directors, and controlling persons of the applicant. Each set of fingerprints shall be certified by an authorized law enforcement officer. The Department of Natural and Cultural Resources shall keep all information obtained under this section confidential."

SECTION 19F.4.(ooo) G.S. 131D-10.3A reads as rewritten:

"**§ 131D-10.3A. Mandatory criminal checks.**

…

(d) The ~~Department of Public Safety~~ State Bureau of Investigation shall provide to the Department the criminal history of the individuals specified in subsection (a) of this section obtained from the State and National Repositories of Criminal Histories as requested by the Department. The Department shall provide to the ~~Department of Public Safety,~~ State Bureau of Investigation, along with the request, the fingerprints of the individual to be checked, any additional information required by the ~~Department of Public Safety,~~ State Bureau of Investigation, and a form consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the State or National Repositories signed by the individual to be checked. The fingerprints of the individual to be checked shall be ~~forwarded to~~ used by the State Bureau of Investigation for a search of the State's criminal history record file, and the State Bureau of Investigation shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check.

(e) At the time of application, the individual whose criminal history is to be checked shall be furnished with a statement substantially similar to the following:

"NOTICE

MANDATORY CRIMINAL HISTORY CHECK

NORTH CAROLINA LAW REQUIRES THAT A CRIMINAL HISTORY CHECK BE CONDUCTED ON ALL PERSONS 18 YEARS OF AGE OR OLDER WHO RESIDE IN A LICENSED FAMILY FOSTER HOME.

"Criminal history" includes any county, State, and federal conviction of a felony by a court of competent jurisdiction or pending felony indictment of a crime for child abuse or neglect, spousal abuse, a crime against a child, including child

pornography, or for a crime involving violence, including rape, sexual assault, or homicide, other than physical assault or battery; a county, State, or federal conviction of a felony by a court of competent jurisdiction or a pending felony indictment for physical assault, battery, or a drug related offense, if the offense was committed within the past five years; or similar crimes under federal law or under the laws of other states. Your fingerprints will be used to check the criminal history records of the State Bureau of Investigation (SBI) and the Federal Bureau of Investigation (FBI).

If it is determined, based on your criminal history, that you are unfit to have a foster child reside with you, you shall have the opportunity to complete or challenge the accuracy of the information contained in the SBI or FBI identification records.

If licensure is denied or the foster home license is revoked by the Department of Health and Human Services as a result of the criminal history check, if you are a foster parent, or are applying to become a foster parent, you may request a hearing pursuant to Article 3 of Chapter 150B of the General Statutes, the Administrative Procedure Act.

Any person who intentionally falsifies any information required to be furnished to conduct the criminal history is guilty of a Class 2 misdemeanor.

Refusal to consent to a criminal history check is grounds for the Department to deny or revoke a license to provide foster care. Any person who intentionally falsifies any information required to be furnished to conduct the criminal history is guilty of a Class 2 misdemeanor.

…

(i) The ~~Department of Public Safety~~ State Bureau of Investigation shall perform the State and national criminal history checks on individuals required by this section and shall charge the Department a reasonable fee only for conducting the checks of the national criminal history records authorized by this section. The Division of Social Services, Department of Health and Human Services, shall bear the costs of implementing this section."

SECTION 19F.4.(ppp) G.S. 143-143.10A(b) reads as rewritten:

"(b) All applicants for initial licensure shall consent to a criminal history record check. Refusal to consent to a criminal history record check may constitute grounds for the Board to deny licensure to an applicant. The Board shall ensure that the State and national criminal history of an applicant is checked. Applicants shall obtain criminal record reports from one or more reporting services designated by the Board to provide criminal record reports. Each applicant is required to pay the designated service for the cost of the criminal record report. In the alternative, the Board may provide to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant to be checked, a form signed by the applicant consenting to the criminal record check and the use of fingerprints and other identifying information required by the State or National Repositories of Criminal Histories, and any additional information required by the ~~Department of Public Safety.~~ State Bureau of Investigation. The Board shall keep all information obtained pursuant to this section confidential."

SECTION 19F.4.(qqq) The State Bureau of Investigation shall adopt rules, or amend its rules, consistent with the provisions of this section. The Bureau may use the procedure set forth in G.S. 150B-21.1 to adopt or amend any rules as required under this subsection.

SECTION 19F.4.(rrr) This section becomes effective July 1, 2023.

REQUIRE REPORTING ON REMOTE WORK POLICIES AND PARTICIPATION

SECTION 19F.5.(a) The Department of Public Safety shall maintain and shall furnish upon request a remote work policy.

SECTION 19F.5.(b) The remote work policies required by subsection (a) of this section shall, at a minimum, require that all employees utilizing the remote work policy shall sign an agreement to be retained in the employee's file that records the employee's assent to adhere to the remote work policy.

SECTION 19F.5.(c) The Department of Public Safety shall report all of the following to the Joint Legislative Oversight Committee on Justice and Public Safety no later than March 1 of each year:

(1) The remote work policy currently in place for its employees.
(2) Any remote work policy previously in place for its employees that was not a part of the most recent report required by this subsection.
(3) The total number of employees utilizing its remote work policy.
(4) The total number of employees utilizing its remote work policy, delineated by division, section, and any other organizational category.

SECTION 19F.5.(d) This section becomes effective October 1, 2023.

CLARIFY USE OF FUNDS

SECTION 19F.6. Notwithstanding the Committee Report referenced in Section 43.2 of this act or any other provision of law to the contrary, the funds transferred from the ARPA Temporary Savings Fund to the Department of Public Safety for roof renovations and upfit at the Safer Schools Academy shall instead be used for the replacement of the administrative building at the Safer Schools Academy.

PART XIX-G. LAW ENFORCEMENT

STATE CAPITOL POLICE/CREATION OF RECEIPT-SUPPORTED POSITIONS

SECTION 19G.1.(a) Creation of Receipt-Supported Positions Authorized. – The State Capitol Police may contract with State agencies for the creation of receipt-supported positions to provide security services to the buildings occupied by those agencies.

SECTION 19G.1.(b) Annual Report Required. – No later than September 1 of each fiscal year, the State Capitol Police shall report to the Joint Legislative Oversight Committee on Justice and Public Safety the following information for the fiscal year in which the report is due:

(1) A list of all positions in the State Capitol Police. For each position listed, the report shall include at least the following information:
    a. The position type.
    b. The agency to which the position is assigned.
    c. The source of funding for the position.
(2) For each receipt-supported position listed, the contract and any other terms of the contract.

SECTION 19G.1.(c) Additional Reporting Required Upon Creation of Receipt-Supported Positions. – In addition to the report required by subsection (b) of this section, the State Capitol Police shall report the creation of any position pursuant to subsection (a) of this section to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety and to the Fiscal Research Division within 30 days of the position's creation. A report submitted pursuant to this section shall include at least all of the following information:

(1) The position type.
(2) The agency to which the position is being assigned.
(3) The position salary.
(4) The total amount of the contract.
(5) The terms of the contract.

SECTION 19G.1.(d) Format of Reports. – Reports submitted pursuant to this section shall be submitted electronically and in accordance with any applicable General Assembly standards.

USE OF SEIZED AND FORFEITED PROPERTY

SECTION 19G.2.(a) Seized and forfeited assets transferred to the Department of Justice, Department of Public Safety, and Department of Adult Correction during the 2023-2025 fiscal biennium pursuant to applicable federal law shall be credited to the budget of the recipient department and shall result in an increase of law enforcement resources for that department. The Department of Justice, Department of Public Safety, and Department of Adult Correction shall each make the following reports to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety:

(1) A report upon receipt of any assets.

(2) A report that shall be made prior to use of the assets on their intended use and the departmental priorities on which the assets may be expended.

(3) A report on receipts, expenditures, encumbrances, and availability of these assets for the previous fiscal year, which shall be made no later than September 1 of each year.

SECTION 19G.2.(b) The General Assembly finds that the use of seized and forfeited assets transferred pursuant to federal law for new personnel positions, new projects, acquisition of real property, repair of buildings where the repair includes structural change, and construction of or additions to buildings may result in additional expenses for the State in future fiscal periods. Therefore, the Department of Justice, Department of Public Safety, and Department of Adult Correction are prohibited from using these assets for such purposes without the prior approval of the General Assembly.

SECTION 19G.2.(c) Nothing in this section prohibits State law enforcement agencies from receiving funds from the United States Department of Justice, the United States Department of the Treasury, and the United States Department of Health and Human Services.

SECTION 19G.2.(d) The Joint Legislative Oversight Committee on Justice and Public Safety shall study the impact on State and local law enforcement efforts of the receipt of seized and forfeited assets. The Committee shall report its findings and recommendations prior to the convening of the 2024 Regular Session of the 2023 General Assembly.

CREATE MISDEMEANOR CRIME OF DOMESTIC VIOLENCE

SECTION 19G.3.(a) Article 8 of Chapter 14 of the General Statutes is amended by adding a new section to read:

"**§ 14-32.5. Misdemeanor crime of domestic violence.**

A person is guilty of a Class A1 misdemeanor if that person uses or attempts to use physical force, or threatens the use of a deadly weapon, against another person and the person who commits the offense is:

(1) A current or former spouse, parent, or guardian of the victim.

(2) A person with whom the victim shares a child in common.

(3) A person who is cohabitating with or has cohabitated with the victim as a spouse, parent, or guardian.

(4) A person similarly situated to a spouse, parent, or guardian of the victim."

SECTION 19G.3.(b) This section becomes effective December 1, 2023, and applies to offenses committed on or after that date.

CREATE SEX OFFENSE REGISTRY ANNUAL FEE

SECTION 19G.4. G.S. 14-208.7 is amended by adding new subsections to read:

"(e) Each person required to register under this section shall pay an annual fee of one hundred fifty dollars ($150.00) to pay the costs of fulfilling the local and statewide responsibilities required by this Article, including the regular verification of registrants and the retention, maintenance, and dissemination of registrant records. This fee shall be collected each year by the sheriff to whom the registrant returns the registrant's verification following the anniversary of the registrant's initial registration date. Failure to pay this fee shall not affect in any way the registrant's ability to register, verify information, or otherwise comply with the requirements of this Part. For the purposes referenced in this subsection, one hundred dollars ($100.00) of this fee shall be retained by the sheriff and fifty dollars ($50.00) shall be remitted to the State Bureau of Investigation on a quarterly basis. No registrant shall be required to pay the fee required by this subsection more than once in a calendar year.

(f) If the sheriff required to collect the annual fee under subsection (e) of this section declares a registrant to be indigent, the sheriff may waive the annual fee and shall make written findings as to that determination that shall be kept in the registrant's records. A determination of indigency under this subsection shall be revisited each year and shall require written findings in each instance that a sheriff waives the annual fee pursuant to this subsection.

(g) Notwithstanding subsection (f) of this section, a registrant (i) incarcerated or (ii) under the supervision of the Department of Adult Correction, Division of Community Supervision and Reentry, at the time that the fee required by subsection (e) of this section would otherwise be collected shall be deemed indigent and shall not be assessed the fee required by subsection (e) of this section. This determination shall be revisited each year."

PAT XIX-H. JUVENILE JUSTICE

LIMIT USE OF COMMUNITY PROGRAM FUNDS

SECTION 19H.1.(a) Funds appropriated in this act to the Department of Public Safety for the 2023-2025 fiscal biennium for community program contracts, that are not required for or used for community program contracts, may be used only for the following:

(1) Other statewide residential programs that provide Level 2 intermediate dispositional alternatives for juveniles.

(2) Statewide community programs that provide Level 2 intermediate dispositional alternatives for juveniles.

(3) Regional programs that are collaboratives of two or more Juvenile Crime Prevention Councils which provide Level 2 intermediate dispositional alternatives for juveniles.

(4) The Juvenile Crime Prevention Council funds to be used for the Level 2 intermediate dispositional alternatives for juveniles listed in G.S. 7B-2506(13) through (23).

SECTION 19H.1.(b) Funds appropriated by this act to the Department of Public Safety for the 2023-2025 fiscal biennium for community programs may not be used for staffing, operations, maintenance, or any other expenses of youth development centers or detention facilities.

SECTION 19H.1.(c) The Department of Public Safety shall submit an electronic report by October 1 of each year of the 2023-2025 fiscal biennium on all expenditures made in the preceding fiscal year from the miscellaneous contract line in Fund Code 1230 to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety and the Fiscal Research Division. The report shall include all of the following: an itemized list of the contracts that have been executed, the amount of each contract, the date the contract was executed, the purpose of the contract, the number of juveniles that will be served and the manner in which they will be served,

the amount of money transferred to the Juvenile Crime Prevention Council fund, and an itemized list of grants allocated from the funds transferred to the Juvenile Crime Prevention Council fund.

EXTEND SUNSET DATE FOR USE OF SECURITY GUARDS AT STATE PRISONS

SECTION 19H.2.(a) Section 4.15(c) of S.L. 2020-3, as amended by Section 2 of S.L. 2020-15, Section 19D.2 of S.L. 2021-180, and Section 19D.1 of S.L. 2022-74, reads as rewritten:

"**SECTION 4.15.(c)** This section is effective when it becomes law and expires upon the earlier of August 1, ~~2023,~~ 2024, or the date of completion of the Youth Development Center in Rockingham County."

SECTION 19H.2.(b) This section is effective when it becomes law.

PART XIX-I. EMERGENCY MANAGEMENT AND NATIONAL GUARD [RESERVED]

PART XX. ADMINISTRATION

DOA/E-PROCUREMENT TRANSACTION FEES

SECTION 20.1. Article 3 of Chapter 143 of the General Statutes is amended by adding a new section to read:

"**§ 143-48.3A. Electronic procurement fees.**

The Department of Administration shall impose a transaction fee of one and seventy-five hundredths percent (1.75%) on purchase orders for material goods. The Department shall not increase or decrease the transaction fee on purchase orders for material goods or impose a transaction fee on purchase orders for services without the express authorization of the General Assembly."

PART XXI. ADMINISTRATIVE HEARINGS

INCREASE COMPENSATION FOR RULES REVIEW COMMISSION MEMBERS

SECTION 21.1. G.S. 143B-30.1(d) reads as rewritten:

"(d) Members of the Commission who are not officers or employees of the State shall receive compensation of ~~two~~ three hundred dollars ~~($200.00)~~ ($300.00) for each day or part of a day of service plus reimbursement for travel and subsistence expenses at the rates specified in G.S. 138-5. Members of the Commission who are officers or employees of the State shall receive reimbursement for travel and subsistence at the rate set out in G.S. 138-6."

PART XXII. OFFICE OF STATE AUDITOR [RESERVED]

PART XXIII. BUDGET AND MANAGEMENT

NCPRO/EXTENSION OF OPERATIONS

SECTION 23.1. Section 4.3(a) of S.L. 2020-4, as amended by Section 3.5 of S.L. 2021-1, Section 23.2 of S.L. 2021-180, and Section 6.1 of S.L. 2021-189, reads as rewritten:

"**SECTION 4.3.(a)** OSBM shall establish a temporary North Carolina Pandemic Recovery Office (Office) to oversee and coordinate funds made available under COVID-19 Recovery Legislation, as defined in Section 1.2 of S.L. 2020-4, and the American Rescue Plan Act, as defined in Section 1.1 of S.L. 2021-25 and Section 4.9(b) of S.L. 2021-180. This Office shall also provide technical assistance and ensure coordination of federal funds received by State agencies and local governments and ensure proper reporting and accounting of all funds. The authorization set forth in this section expires on ~~June 30, 2023,~~ June 30, 2027, and the Office shall cease to operate upon expiration of the authorization."

PART XXIV. BUDGET AND MANAGEMENT – SPECIAL APPROPRIATIONS

NC FUTURE CITY COMPETITION

SECTION 24.1. Of the funds appropriated in this act to the Office of State Budget and Management, the sum of two hundred thousand dollars ($200,000) in recurring funds for each year of the 2023-2025 fiscal biennium shall be used to provide a grant to the Professional Engineers of North Carolina Educational Foundation, a nonprofit organization. These funds may be used by the NC Future City program to hire up to one position to support the program.

FUNDS FOR PARKING FACILITY EQUIPPED WITH ELECTRIC VEHICLE CHARGING STATIONS

SECTION 24.2.(a) Of the funds appropriated in this act to the Office of State Budget and Management, Special Appropriations, the sum of thirty million dollars ($30,000,000) in nonrecurring funds for the 2023-2024 fiscal year shall be used to provide a directed grant to North Carolina SAVES Green Community Program, Inc. (hereinafter "NC Saves"), a nonprofit corporation established to further sustainability initiatives in the State, for the purpose of developing a new parking facility equipped with fully automated charging stations for electric and/or electric autonomous vehicles. NC Saves shall, through a grant or forgivable loan, provide the funds appropriated as provided in this section to a private partner selected by NC Saves who shall develop the parking facility and automated charging stations as provided in subsection (b) of this section. NC Saves and the private partner shall work together to determine which type of funds, either a grant or forgivable loan, will result in the most efficient and effective use of the grant funds to develop the parking facility and charging stations. The grant or forgivable loan shall be used to pay all costs associated with developing the parking facility and charging stations, including, but not limited to, design, construction, permitting, and land purchase. The private partner may loan the grant funds to affiliated entities to provide maximum leverage for the parking facility development project. NC Saves may use no more than three percent (3%) of the grant funds for administrating the grant or forgivable loan.

SECTION 24.2.(b) The parking facility, which shall be completed not later than December 31, 2026, shall be used for public parking and, for each parking space therein, shall be equipped to charge electric vehicles and/or electric autonomous vehicles. The parking facility shall be located on a site that meets all of the following criteria:

(1) Is a designated qualified opportunity zone under sections 1400Z-1 and 1400Z-2 of the Internal Revenue Code, as defined in G.S. 105-228.90(b)(7).

(2) Is in a city having a population of more than 200,000 according to the population estimates of the United States Census Bureau as of January 1, 2023.

(3) Is zoned for uses that allow a multistory parking deck.

SECTION 24.2.(c) Not later than February 15 of each year until the design and construction of the facility has been completed, NC Saves shall submit a written report to the Joint Legislative Oversight Committee on General Government, the House of Representatives Appropriations Committee on General Government, and the Senate Appropriations Committee on General Government and Information Technology on the private partner's progress in designing and constructing the facility and the amount of grant funds expended for those purposes. Beginning February 15, 2027, and not later than February 15 of the next four years thereafter, NC Saves shall submit a written report to the committees named in this subsection detailing the number of electric and/or electric autonomous vehicles that used the facility each year and the energy savings realized each year.

BALLPARK FACILITIES/MATCHING GRANT PROGRAM TO MEET NEW MLB FACILITY REQUIREMENTS

SECTION 24.3.(a) Of the funds appropriated in this act to the Office of State Budget and Management, Special Appropriations, (OSBM) the sum of twenty-five million dollars ($25,000,000) in nonrecurring funds for the 2023-2024 fiscal year shall be used to establish a matching grant program to support ballpark facilities that serve as the home stadium for minor league baseball teams that have been granted a Professional Development League license with Major League Baseball (MLB). Grant funds shall be used to make necessary upgrades and improvements to ballpark facilities to meet the new facility requirements imposed by MLB on all Professional Development League license holders.

SECTION 24.3.(b) Grant funds provided pursuant to subsection (a) of this section shall be matched on the basis of one dollar ($1.00) of non-State funds for every two dollars ($2.00) of State funds. In awarding grants, OSBM shall give priority to applicants who have (i) made higher investment levels with non-State funds to meet the new facility standards and (ii) to applicants with low gross annual revenues compared to other eligible applicants over the preceding five years. An individual grant may not be more than twenty percent (20%) of the total funds appropriated in subsection (a) of this section.

SECTION 24.3.(c) All of the following shall apply to the grant program under this section:

(1) The applicant must be the majority owner of a facility, as that term is described in subsection (a) of this section, that is located in the State of North Carolina.

(2) Each person applying for a grant shall complete an application, which shall be prepared and made available by OSBM. The grant application shall be received by OSBM not later than October 1, 2023.

(3) As part of the application required by subdivision (2) of this subsection, the applicant shall:

a. Provide proof that the applicant has raised non-State funds from private entities or local governments for the purpose of making necessary upgrades and improvements to the ballpark facility to meet the new facility requirements.

b. Submit written documentation that shows the applicant has allocated funds, obligated to commit funds, or entered into a binding financial arrangement for the purpose of making necessary upgrades and improvements to the ballpark facility to meet the new facility requirements.

(4) Grants shall be awarded in a lump sum.

SECTION 24.3.(d) Not later than October 1, 2023, OSBM shall submit an interim report to the Joint Legislative Oversight Committee on General Government, the House of Representatives Appropriations Committee on General Government, and the Senate Appropriations Committee on General Government and Information Technology on the implementation of the grant program authorized under this section. Not later than May 1, 2024, OSBM shall submit a final report to the committees described in this subsection which shall include the amount of State funds awarded to each grantee and a description of the types of improvements and/or updates that were made to each ballpark facility using grant funds.

OSBM/FUNDS FOR CAROLINAS AGC PROGRAMS

SECTION 24.4.(a) Of the funds appropriated in this act to the Office of State Budget and Management, Special Appropriations, the sum of four million dollars ($4,000,000) in nonrecurring funds for the 2023-2024 fiscal year shall be provided to CAGC Foundation, Inc. (CAGC), a nonprofit organization, to be used as follows:

(1) $3,000,000 to establish heavy equipment operator training and certification programs at six community colleges to be selected jointly by the North Carolina Community Colleges System and CAGC, who shall, in making the selections, take into account market demands and the needs of the construction industry.

(2) $500,000 to establish a pilot program to recruit and compensate trained heavy equipment operators from the construction industry to serve as adjunct instructors in the heavy equipment operator training programs at the six community colleges selected as provided in subdivision (1) of this subsection.

(3) $500,000 to establish a program in conjunction with the Department of Public Instruction to recruit students in middle school and high school to pursue careers in technical education.

SECTION 24.4.(b) Of the funds appropriated in this act to the Office of State Budget and Management, Special Appropriations, the sum of one million three hundred fifty thousand dollars ($1,350,000) in nonrecurring funds for the 2024-2025 fiscal year shall be provided to CAGC to be used as follows:

(1) $600,000 for the heavy equipment operator training and certification programs described in subdivision (1) of subsection (a) of this section.

(2) $750,000 to continue and expand the construction bootcamp programs offered by CAGC.

SECTION 24.4.(c) Of the funds appropriated in this act to the Office of State Budget and Management, Special Appropriations, the sum of one million dollars ($1,000,000) in nonrecurring funds for each year of the 2023-2025 fiscal biennium shall be provided to CAGC to expand the building inspection training and certification programs at those community colleges offering the programs to allow for the enrollment of additional trainees identified and recruited by CAGC.

OSBM/GRANT TO NORTH CAROLINA SPORTS LEGACY FOUNDATION

SECTION 24.5. Notwithstanding any other provision of law or of the Committee Report referenced in Section 43.2 of this act to the contrary, the funds budgeted for a directed grant to the North Carolina Sports Legacy Foundation in the amount of twenty-two million dollars ($22,000,000) in nonrecurring funds for the 2023-2024 fiscal year and eight million dollars ($8,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall be used for a directed grant to the North Carolina Sports Legacy Foundation for capital needs.

PART XXV. OFFICE OF STATE CONTROLLER

AUTHORIZE STATE CONTROLLER TO RETAIN PRIVATE COUNSEL, DESIGNATE EXEMPT POSITIONS, AND SET SALARY OF EXEMPT POSITIONS

SECTION 25.1.(a) G.S. 143B-426.38 reads as rewritten:

"**§ 143B-426.38. Organization and operation of office.**

…

(d) The State Controller may, subject to the provisions of G.S. 147-64.7(b)(2), obtain the services of independent public accountants, attorneys, qualified management consultants, and other professional persons or experts to carry out his powers and duties. Notwithstanding G.S. 147-17 and G.S. 114-2.3, the State Controller may retain private counsel to represent his or her interests in litigation related to his or her financial management of State appropriations by the General Assembly. Notwithstanding the provisions of G.S. 143C-6-9(b), the State Controller may use lapsed salary savings to retain private counsel to provide litigation services.

(e) The State Controller shall have legal custody of all books, papers, documents, email files, organizational internet domain names, digital files, online website content, and other records of the office.

…."

SECTION 25.1.(b) G.S. 126-5 reads as rewritten:

"**§ 126-5. Employees subject to Chapter; exemptions.**

…

(c14) Notwithstanding any provision of this Chapter to the contrary, each Council of State agency and the Office of the State Controller has the sole authority to set the salary of its exempt policymaking and exempt managerial positions within the minimum rates, and the maximum rates plus ten percent (10%), established by the State Human Resources Commission under G.S. 126-4(2).

…

(d) (1) Exempt Positions in Cabinet Department. – Subject to this Chapter, which is known as the North Carolina Human Resources Act, the Governor may designate a total of 425 exempt positions throughout the following departments and offices:

…

(2) Exempt Positions in Council of State Departments and ~~Offices.~~ Offices and the Office of the State Controller. – The Secretary of State, the Auditor, the Treasurer, the Attorney General, the Superintendent of Public Instruction, the Commissioner of Agriculture, the Commissioner of Insurance, ~~and~~ the Labor ~~Commissioner~~ Commissioner, and the State Controller may designate exempt positions. The number of exempt policymaking positions in each department headed by an elected department head listed in this subdivision is limited to 25 exempt policymaking positions or two percent (2%) of the total number of full-time positions in the department, whichever is greater. The number of exempt managerial positions is limited to 25 positions or two percent (2%) of the total number of full-time positions in the department, whichever is greater. The number of exempt policymaking positions designated by the Superintendent of Public Instruction is limited to 70 exempt policymaking positions or two percent (2%) of the total number of full-time positions in the department, whichever is greater. The number of exempt managerial positions designated by the Superintendent of Public Instruction is limited to 70 exempt managerial positions or two percent (2%) of the total number of full-time positions in the department, whichever is greater. The total number of exempt positions, policymaking and managerial, designated by the Office of the State Controller is limited to 10.

…

(4) Vacancies. – In the event of a vacancy in the Office of ~~Governor or in~~ Governor, the office of a member of the Council of State, or the Office of the State Controller, the person who succeeds to or is appointed or elected to fill the unexpired term shall make designations in a letter to the Director of the Office of State Human Resources, the Speaker of the House of Representatives, and the President of the Senate within 180 days after the oath of office is administered to that person.

…."

OVERPAYMENTS AUDIT

SECTION 25.2.(a) During the 2023-2025 fiscal biennium, receipts generated by the collection of inadvertent overpayments by State agencies to vendors as a result of pricing errors,

neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously paid excise taxes, and related errors shall be deposited in Special Reserve Account 24172 as required by G.S. 147-86.22(c).

SECTION 25.2.(b) Of the funds appropriated in this act from Special Reserve Account 24172, and for each fiscal year of the 2023-2025 fiscal biennium, two hundred fifty thousand dollars ($250,000) of the funds shall be used by the Office of the State Controller for data processing, debt collection, or e-commerce costs.

SECTION 25.2.(c) The State Controller shall report annually to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the revenue deposited into Special Reserve Account 24172 and the disbursement of that revenue.

PART XXVI. ELECTIONS

SBE/USE OF HELP AMERICA VOTE ACT (HAVA) FUNDS

SECTION 26.1. The State Board of Elections shall use federal Help America Vote Act (HAVA) funds appropriated in this act for the 2023-2025 fiscal biennium for the following purposes:

(1) Maintaining and updating voter lists in coordination with county boards of election.

(2) Retaining and preserving State election records and papers consistent with the requirements for federal elections as prescribed by Title 52 U.S.C. § 20701.

(3) Continuing the 10 FTE positions authorized in the 2022-2023 fiscal year budget and adding up to five additional FTE time-limited positions.

SBE/POST-ELECTION AUDIT REPORT

SECTION 26.2. G.S. 163-182.12A reads as rewritten:

"**§ 163-182.12A. Post-election audits.**

(a) After conducting a post-election ~~audit,~~ audit for each election as required by this Chapter, except for a general election, the State Board shall produce a report which summarizes the audit, including the rationale for and the findings of the audit. ~~The~~ After conducting a post-election audit for a general election, the State Board shall produce a report which shall include all of the following:

(1) A summary of the types of post-election audits required by law and the requirements for conducting each of the audits.

(2) A summary of the results of each of the post-election audits described in subdivision (1) of this subsection.

(3) A detailed description of each of the post-election audits described in subdivision (1) of this subsection, including any issues that could have affected the outcome of the election and the manner in which those issues were resolved.

(4) A description of any systemic issues that were identified during the post-election audits and any recommendations on the manner in which those issues should be addressed to ensure election security and integrity.

(5) The ways in which the public were allowed to observe and comment on the conduct of the post-election audits, as authorized by law.

(6) Any other matters deemed appropriate by the State Board.

(b) Each report required by subsection (a) of this section shall be submitted to the Joint Legislative Elections Oversight Committee and the Joint Legislative Oversight Committee on General Government within 10 business days of the date the audit is completed."

SBE/PROHIBIT ERIC MEMBERSHIP

SECTION 26.3. Section 26.3 of S.L. 2022-74 is repealed.

SECTION 26.3. The State may not become a member of the Electronic Registration Information Center, Inc. (ERIC).

SBE/FUNDS FOR VOTER ID

SECTION 26.4.(a) The State Board of Elections shall use the sum of three million five hundred thousand dollars ($3,500,000) in nonrecurring funds for the 2023-2024 fiscal year to implement the voter ID requirements as provided in S.L. 2018-144, as amended by S.L. 2019-22. The State Board of Elections shall use these funds only for the implementation of the voter ID requirements. If the funds are unused or unencumbered on June 30, 2024, the funds shall revert to the General Fund.

SECTION 26.4.(b) On February 1, 2024, and May 1, 2024, the State Board of Elections shall report to the House Appropriations Committee on General Government, the Senate Appropriations Committee on General Government and Information Technology, the Joint Legislative Oversight Committee on General Government, and the Fiscal Research Division on the use of the funds described in subsection (a) of this section.

PROHIBIT PRIVATE MONETARY DONATIONS IN ELECTIONS

SECTION 26.5.(a) G.S. 163-22 is amended by adding a new subsection to read:

"(s) Nothing in this Chapter shall grant authority to the State Board of Elections to accept private monetary donations, directly or indirectly, for conducting elections, including employing individuals on a temporary basis."

SECTION 26.5.(b) G.S. 163-33 is amended by adding a new subdivision to read:

"(17) Nothing in this Chapter shall grant authority to county boards of elections to accept private monetary donations, directly or indirectly, for conducting elections, including employing individuals on a temporary basis."

SECTION 26.5.(c) G.S. 163-37 reads as rewritten:

"**§ 163-37. Duty of county board of commissioners.**

(a) The respective boards of county commissioners shall appropriate reasonable and adequate funds necessary for the legal functions of the county board of elections, including reasonable and just compensation of the director of elections.

(b) Nothing in this Chapter shall grant authority to county boards of commissioners to accept private monetary donations, directly or indirectly, for conducting elections, including employing individuals under this Chapter on a temporary basis."

SECTION 26.5.(d) This section becomes effective July 1, 2023, and applies to private monetary donations for conducting elections received on or after that date.

PART XXVII. GENERAL ASSEMBLY

CONTINUING LEGAL EDUCATION EXEMPTION FOR FULL-TIME ATTORNEYS FOR GENERAL ASSEMBLY

SECTION 27.1.(a) Finding. – The General Assembly finds that licensed attorneys who are full-time employees of the North Carolina General Assembly draft the general and local laws of this State, which requires extensive writing skills and researching capabilities similar to those required of full-time judicial law clerks employed by the judicial branch and full-time law professors. These full-time law clerks and full-time law professors have been granted exemptions from the continuing legal education requirements established by the North Carolina State Bar for any calendar year in which they serve some portion thereof in their capacity as a law clerk or law professor. Further, licensed attorneys who are members of the General Assembly have also been granted an exemption from continuing legal education requirements for any calendar year in which they serve some portion thereof as a member of the General Assembly. The General

Assembly finds that given the similarities of the professional skills and abilities required by licensed attorneys who are full-time judicial law clerks, full-time law professors, and full-time employees of the General Assembly to perform their duties, there is ample justification for providing that licensed attorneys who are full-time employees of the General Assembly should be granted an exemption from the continuing legal education requirements established by the North Carolina State Bar for any calendar year in which they serve some portion thereof in their capacity as full-time employees of the General Assembly.

SECTION 27.1.(b) Full-Time Attorneys for General Assembly. – Notwithstanding any other provision of law or rule, the North Carolina State Bar Council shall adopt rules in accordance with Article 4 of Chapter 84 of the General Statutes to provide that full-time employees of the North Carolina General Assembly are exempt from the continuing legal education requirements established by the North Carolina State Bar for any calendar year in which they serve some portion thereof in their capacity as full-time employees of the North Carolina General Assembly. Rules adopted pursuant to this section are not subject to Part 3 of Article 2A of Chapter 150B of the General Statutes. Until such time that the Bar Council adopts rules as required by this section, full-time employees of the North Carolina General Assembly shall be exempt from the continuing legal education requirements established by the North Carolina State Bar for any calendar year in which they serve some portion thereof in their capacity as full-time employees of the North Carolina General Assembly.

SECTION 27.1.(c) This section is effective when it becomes law.

PART XXVIII. GOVERNOR [RESERVED]

PART XXIX. HOUSING FINANCE AGENCY

REPORTING REQUIREMENTS

SECTION 29.1.(a) Sub-subdivision e. of subdivision (7) of Section 3 of S.L. 2017-119 is repealed.

SECTION 29.1.(b) G.S. 122A-16 reads as rewritten:

"**§ 122A-16. Oversight by committees of General Assembly; annual ~~reports.~~report; audit; construction of Chapter.**

(a) Oversight. – The Finance Committee of the House of ~~Representatives and~~ Representatives, the Finance Committee of the ~~Senate~~ Senate, and the Joint Legislative Oversight Committee on General Government shall exercise continuing oversight of the Agency in order to assure that the Agency is effectively fulfilling its statutory ~~purpose; provided, however, that nothing in this Chapter shall be construed as required by the Agency to receive legislative approval for the exercise of any of the powers granted by this Chapter.~~purpose.

(b) Comprehensive Report. – The Agency shall, ~~promptly following the close of each fiscal year,~~ on or before February 15 of each year, submit an annual comprehensive report of its activities for the preceding year to the Governor, the Office of State Budget and Management, State Auditor, ~~the aforementioned committees of the General Assembly and~~ the Local Government ~~Commission. Each such~~ Commission, the Joint Legislative Oversight Committee on General Government, and the Fiscal Research Division. The comprehensive report required under this subsection shall ~~set forth a complete operating and financial statement of the Agency during such year.~~include at least all of the following:

(1) The goals and objectives of each program administered by the Agency.

(2) The number and types of activities funded by the Agency.

(3) The number of individuals or families served for each program administered by the Agency.

(4) The information required under G.S. 45-104, 122A-5.15, and Section 20.1 of S.L. 2005-276.

(c) Audit. – The Agency shall cause an audit of its books and accounts to be made at least once in each year by an independent certified public accountant and the cost thereof may be paid from any available moneys of the Agency. ~~The Agency shall on January 1 and July 1 of each year submit a written report of its activities to the Joint Legislative Commission on Governmental Operations. The Agency shall also at the end of each fiscal year submit a written report of its budget expenditures by line item to the Joint Legislative Commission on Governmental Operations.~~

(d) Construction. – Nothing in this Chapter shall be construed as requiring the Agency to receive legislative approval for the exercise of any of the powers granted by this Chapter."

SECTION 29.1.(c) Section 20.1(a) of S.L. 2005-276 reads as rewritten:

"**SECTION 20.1.(a)** Funds appropriated in this act to the Housing Finance Agency for the federal HOME Program shall be used to match federal funds appropriated for the HOME Program. In allocating State funds appropriated to match federal HOME Program funds, the Agency shall give priority to HOME Program projects, as follows:

(1) First priority to projects that are located in counties designated as Tier One, Tier Two, or Tier Three Enterprise Counties under G.S. 105-129.3; and

(2) Second priority to projects that benefit persons and families whose incomes are fifty percent (50%) or less of the median family income for the local area, with adjustments for family size, according to the latest figures available from the United States Department of Housing and Urban Development.

~~The~~ As part of the report required under G.S. 122A-16, the Housing Finance Agency shall report ~~to the Joint Legislative Commission on Governmental Operations by April 1 of each year concerning~~ on the status of the HOME Program and shall include in the report information on priorities met, types of activities funded, and types of activities not funded."

SECTION 29.1.(d) G.S. 45-104(f) reads as rewritten:

"(f) ~~The~~ As part of the report required under G.S. 122A-16, the Housing Finance Agency shall report ~~to the General Assembly describing~~ on the operation of the program established by this act ~~not later than May 1 of each year~~ until the funds are completely disbursed from the State Home Foreclosure Prevention Trust Fund. Information in the report shall be presented in aggregate form and may include the number of clients helped, the effectiveness of the funds in preventing home foreclosure, recommendations for further efforts needed to reduce foreclosures, and provide any other aggregated information the Housing Finance Agency determines is pertinent or that the General Assembly requests."

SECTION 29.1.(e) G.S. 122A-5.14(d) is repealed.

SECTION 29.1.(f) G.S. 122A-5.15(d) reads as rewritten:

"(d) ~~By February 1 of each year, the~~ As part of the report required under G.S. 122A-16, the Agency shall report ~~to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division~~ on the number of loans made under this section, the amount of each loan, and whether the low-income housing development is located in a low-, moderate-, or high-income county, as designated by the Agency."

SECTION 29.1.(g) Subsections (b) and (c) of G.S. 122A-16, as amended by subsection (b) of this section, and subsections (c), (d), and (f) of this section become effective July 1, 2023, and apply to reports due on or after that date. The remainder of this section becomes effective July 1, 2023.

PART XXIX-A. OFFICE OF STATE HUMAN RESOURCES [RESERVED]

PART XXX. INSURANCE

REGULATORY FEE & INSURANCE REGULATORY FUND

SECTION 30.1.(a) Notwithstanding the provisions of G.S. 58-6-25(b), the percentage rate to be used in calculating the insurance regulatory charge under G.S. 58-6-25(b) is four percent (4%) for the 2024 calendar year and the 2025 calendar year.

SECTION 30.1.(b) G.S. 58-6-25 reads as rewritten:

"**§ 58-6-25. Insurance regulatory charge.**

…

(b) Rates. – The rate of the charge for each taxable year shall be six and one-half percent (6.5%). When the Department prepares its budget request for each upcoming fiscal year, the Department shall propose a percentage rate of the charge levied in this section. The Governor shall submit that proposed rate to the General Assembly each fiscal year. It is the intent of the General Assembly ~~(i)~~ that the percentage rate not exceed the rate necessary to generate funds sufficient to defray the estimated cost of the operations of the Department for each upcoming fiscal year, including a reasonable margin for a reserve ~~fund, and (ii) that the amount of the reserve not exceed one-third of the estimated cost of operating the Department for each upcoming fiscal year.~~ that shall be used to provide for unanticipated expenditures requiring a budget adjustment as authorized by G.S. 143C-6-4. In calculating the amount of the reserve, the General Assembly shall consider all relevant factors that may affect the cost of operating the Department or a possible unanticipated increase or decrease in North Carolina premiums or other charge revenue.

…

(d) Use of Proceeds. – The Insurance Regulatory Fund is created ~~in the State treasury, under the control of the Office of State Budget and Management. The~~ as an interest-bearing special fund to which the proceeds of the charge levied in this section and all fees collected under Articles 69 through 71 of this Chapter and under Articles 9 and 9C of Chapter 143 of the General Statutes shall be ~~credited to the Fund. The Fund shall be placed in an interest-bearing account and any interest or other income derived from the Fund shall be credited to the Fund.~~ credited. Moneys in the Fund may be spent only pursuant to appropriation by the General ~~Assembly~~ Assembly, and ~~in accordance with the line item budget enacted by the General Assembly. The~~ the Fund is subject to the provisions of the State Budget ~~Act, except that no unexpended surplus of the Fund shall revert to the General Fund.~~ Act. All money credited to the Fund shall be used to reimburse the General Fund for the following:

…."

DOI/VOLUNTEER FIRE DEPARTMENT FUND

SECTION 30.2.(a) G.S. 58-87-1 reads as rewritten:

"**§ 58-87-1. Volunteer Fire Department Fund.**

…

(a1) Grant Program. – An eligible fire department may apply to the Commissioner for a grant under this section. In awarding grants under this section, the Commissioner must, to the extent possible, select applicants from all parts of the State based upon need. The Commissioner must award the grants on May 15, or on the first business day after May 15 if May 15 falls on a weekend or a holiday, of each year subject to the following limitations:

(1) The size of a grant may not exceed ~~thirty~~ forty thousand dollars ~~($30,000).~~($40,000).

…."

SECTION 30.2.(b) Subsection (a) of this section expires June 30, 2024.

SECTION 30.2.(c) For the 2023-2024 fiscal year only, the Commissioner of Insurance shall reserve one million dollars ($1,000,000) of the funds in the Volunteer Fire Department Fund to provide grants to eligible fire departments in the event of an emergency. For purposes of this subsection, the term "emergency" has the same meaning as in G.S. 166A-19.3(6). Emergency reserve grants shall not exceed fifty thousand dollars ($50,000)

and shall be used for purposes consistent with G.S. 58-87-1(a1)(3). Any unspent funds remaining in the emergency reserve on June 30 of each fiscal year of the 2023-2025 fiscal biennium shall revert to the Volunteer Fire Department Fund. If an eligible fire department is awarded an emergency reserve grant and thereafter receives a monetary settlement from its insurance carrier for the same loss or damages for which the grant was awarded, the fire department shall reimburse the State for the amount of the grant.

SECTION 30.2.(d) Within 60 days after all grants have been awarded under this section, the Commissioner shall submit a written report to the Senate Appropriations Committee on General Government and Information Technology, the House of Representatives Appropriations Committee on General Government, the Joint Legislative Oversight Committee on General Government, and the Fiscal Research Division which shall be posted on the Department of Insurance's website and shall contain all of the following:

(1) For grants under subsection (a) of this section:
  a. The total number of grants awarded.
  b. A list of the eligible fire departments that were awarded grants and the county in which each eligible fire department is located.
  c. The amount of the grant award to each eligible fire department.

(2) For emergency reserve grants under subsection (b) of this section:
  a. The total number of grants awarded.
  b. A list of the eligible fire departments that were awarded grants and the county in which each eligible fire department is located.
  c. The amount of the grant award to each eligible fire department.
  d. A description of the emergency for which grant funds were awarded.

DOI/ADMINISTRATION OF WORKERS' COMPENSATION FUND FOR CERTAIN SAFETY WORKERS

SECTION 30.3.(a) G.S. 58-87-10 reads as rewritten:

"**§ 58-87-10. Workers' Compensation Fund for the benefit of certain safety workers.**

…

(d) Administration. – The ~~State Fire and Rescue Commission, established under G.S. 58-78-1,~~ Department of Insurance shall administer the Workers' Compensation Fund and shall perform this duty by contracting with a third-party administrator. The contracting procedure is not subject to Article 3C of Chapter 143 of the General Statutes. The reasonable and necessary expenses incurred by the ~~Commission~~ Department in administering the Fund shall be paid out of the Fund by the State Treasurer. The ~~Commission~~ Department may adopt rules to implement this section. The ~~State Fire and Rescue Commission~~ Department shall include the provisions of Section 2(d) of S.L. 2014-64 in all future contracts with its workers' compensation third party administrators.

(e) Revenue Source. – Revenue is credited to the Workers' Compensation Fund from a portion of the proceeds of the tax levied under G.S. 105-228.5(d)(3). In addition, every eligible unit and eligible entity that elects to participate shall pay into the Fund an amount set annually by the ~~State Fire and Rescue Commission~~ Commissioner of Insurance, in consultation with the State Fire and Rescue Commission, to ensure that the Fund will be able to meet its payment obligations under this section. The amount shall be set as an amount for each member of the roster of the eligible unit or for each employee or volunteer of an eligible entity, and the amount may vary based on whether an individual is a volunteer, a part-time employee, or a full-time employee. The payment shall be made to the ~~State Fire and Rescue Commission~~ Department on or before July 1 of each year. The ~~Commission~~ Department shall remit the payments it receives to the State Treasurer, who shall credit the payments to the Fund.

…

(g) Allocation of Taxes. – ~~The study conducted under subsection (f) of this section shall be reviewed by the Office of State Budget and Management.~~ On or before March 1 of each year, ~~the Office of State Budget and Management, in consultation with~~ the Department of ~~Insurance,~~ Insurance must notify the Secretary of Revenue of the amount required to meet the needs of the Fund, as determined by the ~~study,~~ study conducted under subsection (f) of this section, for the upcoming fiscal year. The Secretary of Revenue shall remit that amount, subject to the twenty percent (20%) limitation in G.S. 105-228.5(d)(3), to the Fund.

(h) Reports. – The Department of Insurance shall, on a quarterly basis, report to the State Fire and Rescue Commission on its activities conducted pursuant to this section."

SECTION 30.3.(b) G.S. 58-78-5 reads as rewritten:

"**§ 58-78-5. State Fire and Rescue Commission – Powers and duties.**

(a) The Commission shall have the following powers and duties:

…

(16) To provide oversight for the workers' compensation benefits administered by the Department of Insurance under G.S. 58-87-10, to create a Volunteer Safety Workers' Compensation Board to assist it in performing this duty, and to reimburse the members of the Commission's Volunteer Safety Workers' Compensation Board in accordance with G.S. 138-5 for travel and subsistence expenses incurred by them.

…."

DOI/CONTINUE FIREFIGHTERS' HEALTH BENEFITS PILOT PROGRAM

SECTION 30.4.(a) Notwithstanding the provisions of G.S. 58-87-10(e), for the 2023-2025 fiscal biennium only, revenue from a portion of the proceeds of the tax levied under G.S. 105-228.5(d)(3) shall not be credited to the Workers' Compensation Fund administered by the Department of Insurance as provided in G.S. 58-87-10, but shall instead be credited to the Firefighters' Health Benefits Pilot Program established in Section 30.4A of S.L. 2021-180.

SECTION 30.4.(b) Section 30.4A of S.L. 2021-180 reads as rewritten:

"**SECTION 30.4A.(a)** Firefighters' Health Benefits Pilot Program. – Of the funds appropriated in this act to the Department of Insurance, the sum of seven million five hundred thousand dollars ($7,500,000) in nonrecurring funds for each fiscal year of the ~~2021-2023~~ 2023-2025 fiscal biennium shall be used to ~~establish~~ continue and administer a pilot program to provide health benefits as authorized by this section to eligible firefighters with a new diagnosis of cancer on or after January 1, 2022. The health benefits provided under the pilot program shall be supplemental to any other health benefits authorized by law for firefighters. The pilot program shall end on ~~June 30, 2023,~~ June 30, 2025, but claims for health benefits filed by that date shall be paid as long as funds appropriated for the pilot program are available. Effective January 1, 2024, the Department shall begin administering the pilot program instead of purchasing private insurance for that purpose. The Department may use up to five percent (5%) of the funds appropriated for the pilot program in this act for the purpose of hiring additional staff to aid in administering the pilot program in-house and conducting an independent audit of the pilot program. The results of the independent audit shall be submitted to the General Assembly and the Governor no later than July 1, 2025, along with the report required by subsection (f) of this section.

…

"**SECTION 30.4A.(c)** Eligibility. – To be eligible to receive benefits under the pilot program, a firefighter:

(1) Must have served in a North Carolina fire department for a minimum of five continuous ~~years.~~years; provided, however, if a firefighter, during those five years, experiences a lapse in service of no more than six months, the firefighter shall not be ineligible to receive benefits under the pilot program.

(2) Must have received a new diagnosis of cancer on or after January 1, 2022. A firefighter with a diagnosis of cancer prior to January 1, 2022, is not eligible for benefits in the pilot program for that previously diagnosed cancer type but remains eligible for benefits in the pilot program upon diagnosis of any other cancer type. A firefighter is not eligible to receive benefits under the pilot program if the firefighter is receiving benefits related to cancer under Article 1 of Chapter 97 of the General Statutes, the North Carolina Workers' Compensation Act.

(3) Must have filed a claim with the Department seeking benefits under this section no later than ~~June 30, 2023.~~June 30, 2025.

…

"**SECTION 30.4A.(f)** Reporting Requirements. – On ~~January 1, 2023, and~~ July 1, 2023, July 1, 2024, and July 1, 2025, the Department shall submit a report to the General Assembly and to the Governor that includes the following information:

(1) The number, type, and primary work location of all firefighters participating in the pilot program. For purposes of this subsection, the term "type" means a volunteer, employee, contractor, or member of a rated and certified fire department, or employee of a County Fire Marshal's Office whose sole duty is to act as fire marshal, deputy fire marshal, assistant fire marshal, or firefighter of the county.

(2) The number of benefit claims ~~filed.~~filed, by type.

(3) The types of cancer for which benefit claims were ~~filed.~~filed, by type.

(4) All benefits paid out under this ~~section.~~section, by type.

…."

DOI/WORKERS' COMPENSATION FUND FOR FIREFIGHTERS AND EMS/RESCUE WORKERS

SECTION 30.5. Notwithstanding the provisions of G.S. 58-87-10, for the 2023-2024 fiscal year and the 2024-2025 fiscal year, the Commissioner of Insurance shall not set an amount to be paid by every eligible unit and eligible entity, as those terms are defined in G.S. 58-87-10(a), that elects to participate in the Workers' Compensation Fund created pursuant to G.S. 58-87-10(b). For the 2023-2024 fiscal year and the 2024-2025 fiscal year, no eligible unit or eligible entity shall be required to submit to the Commissioner of Insurance any payment to participate in the Fund.

PART XXXI. INSURANCE – INDUSTRIAL COMMISSION

LIMIT TORT LIABILITY FOR STATE EMPLOYEES

SECTION 31.1.(a) G.S. 143-291 reads as rewritten:

"**§ 143-291. Industrial Commission constituted a court to hear and determine claims; damages; liability insurance in lieu of obligation under Article.**

…

(e) Liability in tort of any claim arising as a result of the negligence of any officer, employee, involuntary servant, or agent of the State while acting within the scope of his or her office, employment, service, agency, or authority shall be only under this Article. Any other civil action or proceeding for money damages arising out of or relating to the same subject matter against the officer, employee, involuntary servant, or agent of the State is precluded."

SECTION 31.1.(b) This section is effective when it becomes law and applies to all claims, civil actions, and proceedings filed or pending on or after that date.

PART XXXII. LIEUTENANT GOVERNOR [RESERVED]

PART XXXIII. MILITARY AND VETERANS AFFAIRS

VETERANS HOME TRUST FUND/TRANSFER TO VETERANS CEMETERY TRUST FUND

SECTION 33.1. G.S. 143B-1293 reads as rewritten:

"**§ 143B-1293. North Carolina Veterans Home Trust Fund.**

…

(d) Miscellaneous. – The following provisions apply to the trust fund created in subsection (a) of this section:

…

(1a) ~~The~~ Of the funds deposited in the trust fund each fiscal year, the Department of Military and Veterans Affairs shall transfer ten percent (10%) of ~~the unspent receipts collected in each~~ those funds that are unspent on June 30 of each fiscal year from the trust fund to the North Carolina Veterans Cemeteries Trust Fund on ~~or before~~ June 30 of each fiscal year.

…."

VETERANS HOME TRUST FUND/ROUTINE REPAIRS TO STATE VETERANS HOMES

SECTION 33.2. Of the funds appropriated in this act to the Department of Military and Veterans Affairs for the 2023-2024 fiscal year, the Department shall reserve the sum of one million five hundred thousand dollars ($1,500,000) to be used to make routine repairs and renovations to buildings and facilities at State veteran homes. Funds held in reserve as required by this section shall not be used for "unforeseen circumstances," as that term is defined in G.S. 143C-6-4(b)(3). Funds for unforeseen circumstances shall be spent only as authorized by G.S. 143C-6-4.

VETERANS LIFE CENTER CHALLENGE GRANT

SECTION 33.3. Part 1 of Article 14 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-1218. Veterans Life Center; challenge grant to provide rehabilitation and reintegration services to veterans.**

(a) There is hereby established in the Department of Military and Veterans Affairs a challenge grant program for the Veterans Life Center (hereinafter "Center"), a nonprofit corporation, which shall be administered by the Department as provided in this section. Funds appropriated by the General Assembly for the challenge grant program shall be used to allocate funds to the Center for the purpose of providing rehabilitation and reintegration services and support to veterans across the State, and those funds shall not be used for any other purpose without the express authorization of the General Assembly.

(b) To receive State funds under this section, the Center shall raise at least seven hundred fifty thousand dollars ($750,000) in non-State funds in each fiscal year. The Center shall demonstrate, to the satisfaction of the Department, that it has raised the funds required by this subsection prior to the allocation of State funds. The Department shall disburse State funds on a dollar-for-dollar basis each quarter so that the Center will receive a State dollar for each non-State dollar raised by the Center, but in no case shall the Department disburse State funds to the Center if it has not raised the required non-State funds. The Center shall not supplant, shift, or reallocate Center funds for the purpose of achieving the non-State dollar amount of seven hundred fifty thousand dollars ($750,000) required by this subsection.

(c) Not later than July 1 of each year, the Department shall submit a written report to the Joint Legislative Oversight Committee on General Government and the Fiscal Research Division

on all of the following information, and the Center shall provide the information to the Department in the manner and time period requested by the Department for purposes of preparing the report:

(1) The total number of veterans served.

(2) The types of services provided to veterans, and the number of veterans who received each type of service.

(3) Demographics of the veterans served, including each veteran's county of residence.

(4) Average length of stay for veterans, and the average number of veterans in the Center facility on a daily basis.

(5) The total number of veterans who completed the care program, and the number who received postgraduate mentoring from the Center."

DMVA/CHILDREN OF VETERANS' SCHOLARSHIPS

SECTION 33.4.(a) G.S. 143B-1225 reads as rewritten:

"**§ 143B-1225. Scholarship.**

(a) A scholarship granted pursuant to this Part shall consist of the following benefits in either a State or private educational institution:

…

(6) A student who has been awarded a scholarship under this section shall maintain a cumulative grade point average of 2.0 throughout the four academic years for which the student is eligible for a scholarship under this section.

…."

SECTION 33.4.(b) G.S. 143B-1227 reads as rewritten:

"**§ 143B-1227. Administration and funding.**

(a) The administration of the scholarship program shall be vested in the Department of Military and Veterans Affairs, and the disbursing and accounting activities required shall be a responsibility of the Department of Military and Veterans Affairs. The Veterans' Affairs Commission shall determine the eligibility of applicants, select the scholarship recipients, establish the effective date of scholarships, and may suspend or revoke scholarships if the Veterans' Affairs Commission finds that the recipient does not comply with the registration requirements of the Selective Service System or does not maintain an adequate academic status, or if the recipient engages in riots, unlawful demonstrations, the seizure of educational buildings, or otherwise engages in disorderly conduct, breaches of the peace or unlawful assemblies. The Department of Military and Veterans Affairs shall maintain the primary and necessary records, and the Veterans' Affairs Commission shall promulgate such rules and regulations not inconsistent with the other provisions of this Part as it deems necessary for the orderly administration of the program. It may require of State or private educational institutions, as defined in this Part, such reports and other information as it may need to carry out the provisions of this ~~Part.~~ Part; provided, however, the Veterans' Affairs Commission shall require State and private educational institutions to report no later than December 15 of each year the number of scholarship recipients who maintained a cumulative grade point average of 2.0 and the number of scholarship recipients who completed the degree requirements for graduation. The Department of Military and Veterans Affairs shall disburse scholarship payments for recipients certified eligible by the Department of Military and Veterans Affairs upon certification of enrollment by the enrolling institution.

…."

SECTION 33.4.(c) G.S. 143B-1228 reads as rewritten:

"**§ 143B-1228. Report on scholarships.**

By January 1 of each year, the Department of Military and Veterans Affairs shall report to the Joint Legislative Oversight Committee on General Government, the Senate Appropriations Committee on General Government and Information Technology, the House of Representatives Appropriations Committee on General Government, and the Fiscal Research Division the following data on the Scholarships for Children of Wartime Veterans program:

…

(2) Number of scholarships awarded in each of the past five fiscal years and sorted by:

…

j. Number of scholarship recipients who maintained a cumulative grade point average of 2.0."

MILITARY AFFAIRS COMMISSION/IN-PERSON MEETINGS REQUIRED

SECTION 33.5. G.S. 143B-1310 reads as rewritten:

"**§ 143B-1310. Commission established; purpose; transaction of business.**

…

(c) Transaction of Business. – The Commission shall ~~meet, at a minimum,~~ meet in person at least once during each ~~quarter~~ quarter, at a minimum, and shall provide a report on military affairs to the Secretary of Military and Veterans Affairs and the Joint Legislative Oversight Committee on General Government at least every six months. Prior to the start of a Regular Session of the General Assembly, the Commission shall report to the Joint Legislative Oversight Committee on General Government with recommendations, if any, for legislation. Priority actions or issues may be submitted at any time. Subcommittees of the Commission shall also meet in person.

…."

SANDHILLS STATE VETERANS CEMETERY

SECTION 33.6. Of the funds appropriated in this act to the Department of Military and Veterans Affairs for the 2023-2024 fiscal year, the sum of two hundred thousand dollars ($200,000) in nonrecurring funds shall be used to contract with one or more persons or businesses to improve the appearance of Sandhills State Veterans Cemetery and to perform all the services and activities, including, but not limited to, grounds maintenance, equipment maintenance, and headstone marker operations, required to bring Sandhills State Veterans Cemetery into compliance with the operational standards promulgated by the National Cemetery Administration in the U.S. Department of Veterans Affairs. Not later than November 30, 2023, the Department shall report to the Joint Legislative Oversight Committee on General Government, the House of Representatives Appropriations Committee on General Government, and the Senate Appropriations Committee on General Government and Information Technology on the following:

(1) The names of the persons or businesses with whom the Department contracted to provide the services and activities required by this section.

(2) The services and activities performed by each person or business and the amount paid to each person or business pursuant to the contract.

DMVA UPDATE AND PUBLISH RESOURCE GUIDE

SECTION 33.7. Notwithstanding any provision of S.L. 2021-180 or the Committee Report described in Section 43.2 of that act to the contrary, the sum of fifty thousand dollars ($50,000) in nonrecurring funds for each year of the 2021-2023 fiscal biennium appropriated to the Department of Military and Veterans Affairs shall be used to publish a new Department of Military and Veterans Affairs Resource Guide (for veterans, active military, and their families) no later than June 30, 2023.

DMVA FILL VETERAN SERVICES OFFICER POSITIONS

SECTION 33.8. The Department of Military and Veterans Affairs shall fill all Veteran Services Officer (VSO) positions that are vacant on the date this act becomes law. The Department shall not, in the 2023-2024 fiscal year or the 2024-2025 fiscal year, use lapsed salaries resulting from vacant VSO positions to hire temporary employees. If the Department does not fill the vacant VSO positions in the 2023-2025 fiscal biennium, the funds appropriated for the position or positions shall revert to the General Fund on June 30 of each fiscal year.

DMVA FILL INTERNAL AUDITOR AND PROGRAM ANALYST POSITIONS

SECTION 33.9. In collaboration with the Office of State Budget and Management, the Department of Military and Veterans Affairs shall make every effort to fill the Program Analyst and Internal Auditor positions authorized by Section 23.5 and Section 23.6 of S.L. 2021-180. If the Department does not fill either or both positions in the 2023-2025 fiscal biennium, the Department shall not use the lapsed salaries resulting from the vacant position or positions to hire temporary employees and the funds appropriated for the position or positions shall revert to the General Fund on June 30 of each fiscal year.

PART XXXIV. REVENUE

DEPARTMENT OF REVENUE SYSTEMS PROJECTS UPDATE REPORT CLARIFICATION

SECTION 34.1.(a) Section 8.1(b) of S.L. 2019-246, as enacted by Section 34.4 of S.L. 2021-180 and amended by Section 5.6(d) of S.L. 2022-13, reads as rewritten:

"**SECTION 8.1.(b)** By January 1, 2022, and ~~monthly~~ quarterly thereafter, the Department of Revenue shall submit a written report to the chairs of the House Appropriations Committee on General Government and the Senate Appropriations Committee on General Government and Information Technology and the Fiscal Research Division. The ~~monthly~~ quarterly report shall include an update on the following:

(1) The status of the power of attorney registration project required by subsection (a) of this section.

(2) The status of the Collections Case Management system implementation and the IBM 4100 replacement project currently underway in the Department.

(3) The status of the Department's ability to make the programmatic changes necessary to implement the graduated penalty for failure to pay tax when due that will apply to tax assessed on or after July 1, 2024."

SECTION 34.1.(b) Section 34.1 of S.L. 2022-74 is repealed.

ASSIGNMENT OF DEPARTMENT OF REVENUE LAW ENFORCEMENT AGENTS

SECTION 34.2. G.S. 105-236.1 reads as rewritten:

"**§ 105-236.1. Enforcement of revenue laws by revenue law enforcement agents.**

(a) General. – The Secretary may appoint employees of the ~~Unauthorized Substances Tax Section of the Tax Enforcement Division~~ Department to serve as revenue law enforcement officers having the responsibility and subject-matter jurisdiction to enforce the excise tax on unauthorized substances imposed by Article 2D of this Chapter.

(a1) The Secretary may appoint up to 11 employees of the ~~Motor Fuels Investigations Section of the Tax Enforcement Division~~ Department to serve as revenue law enforcement officers having the responsibility and subject-matter jurisdiction to enforce the taxes on motor fuels imposed by Articles 36B, 36C, and 36D of this Chapter and by Chapter 119 of the General Statutes.

(a2) The Secretary may appoint employees of the ~~Criminal Investigations Section of the Tax Enforcement Division~~ Department to serve as revenue law enforcement officers having the responsibility and subject-matter jurisdiction to enforce the following tax violations and criminal offenses:

…."

DOR ADMINISTRATIVE COSTS FOR COLLECTING PREPAID WIRELESS TELECOMMUNICATIONS SERVICE CHARGES

SECTION 34.3. G.S. 143B-1414 reads as rewritten:

"**§ 143B-1414. Service charge for prepaid wireless telecommunications service; seller collects 911 service charge on each retail transaction occurring in this State; remittances to Department of Revenue and transfer to 911 Fund.**

…

(c) Administration. – Administration, auditing, requests for review, making returns, collection of tax debts, promulgation of rules and regulations by the Secretary of Revenue, additional taxes and liens, assessments, refunds, and penalty provisions of Article 9 of Chapter 105 of the General Statutes apply to the collection of the 911 service charge for prepaid wireless telecommunications service. An audit of the collection of the 911 service charge for prepaid wireless telecommunications service shall only be conducted in connection with an audit of the taxes imposed by Article 5 of Chapter 105 of the General Statutes. Underpayments shall be subject to the same interest rate as imposed for taxes under G.S. 105-241.21. Overpayments shall be subject to the same interest rate as imposed for taxes under G.S. 105-241.21(c)(2). Excessive and erroneous collections of the service charge will be subject to G.S. 105-164.11. The Department of Revenue shall establish procedures for a seller of prepaid wireless telecommunications service to document that a sale is not a retail transaction, and the procedures established shall substantially coincide with the procedures for documenting a sale for resale transaction under G.S. 105-164.28. The Secretary of Revenue may retain the costs of collection from the remittances received under subsection (b) of this section, not to exceed ~~five~~ six hundred thousand dollars ~~($500,000)~~ ($600,000) a year of the total 911 service charges for prepaid wireless telecommunications service remitted to the Department. Within 45 days of the end of each month in which 911 service charges for prepaid wireless telecommunications service are remitted to the Department, the Secretary of Revenue shall transfer the total 911 service charges remitted to the Department less the costs of collection to the 911 Fund established under G.S. 143B-1404.

…."

TAX FRAUD ANALYTICS

SECTION 34.4. Of the funds appropriated in this act to the Department of Revenue, the sum of four million four hundred thousand dollars ($4,400,000) in recurring funds for each fiscal year of the 2023-2025 fiscal biennium shall be used to continue and expand the Department's tax fraud analysis contract through the Government Data Analytics Center (GDAC). These funds shall be used in each fiscal year to fund detection analytics, information reporting, collections case management, collections optimization, managed services, and technical infrastructure. The Department of Revenue shall continue to coordinate with the GDAC and utilize the subject matter expertise and technical infrastructure available through existing GDAC public-private partnerships for fraud detection and analytics infrastructure.

PART XXXV. SECRETARY OF STATE [RESERVED]

PART XXXVI. TREASURER

PUBLIC SAFETY EMPLOYEES' DEATH BENEFITS

SECTION 36.1.(a) G.S. 143-166.2 reads as rewritten:

"**§ 143-166.2. Definitions.**

The following definitions apply in this Article:

…

(9) Official duties. – All duties to which an individual is assigned as part of the individual's job function. This term shall also include those duties performed by an individual while (i) en route to, engaged in, or returning from duty or training; (ii) in the course of responding to, engaged in, or returning from a call by the department of which the individual is a member; or (iii) in the course of responding to, engaged in, or returning from a call for assistance from any department or organization within the State of North Carolina or within a service area contiguous to the borders of the State of North Carolina when served or aided by a department from within the State of North Carolina. While within the State of North Carolina, any covered person who renders service or assistance, of his or her own volition, at the scene of an emergency, is performing his or her official duties when both of the following apply:

…."

SECTION 36.1.(b) This section is effective retroactively as of January 1, 2022, and applies to applicable deaths of covered persons occurring on or after that date when the covered person was en route to, engaged in, or returning from duty at the time of the covered person's death.

PART XXXVII. [RESERVED]

PART XXXVIII. INFORMATION TECHNOLOGY

INFORMATION TECHNOLOGY INTERNAL SERVICE FUND

SECTION 38.1. The estimated agency impact across all agencies from the final subscription and service rates for the 2023-2024 fiscal year and the 2024-2025 fiscal year shall not exceed one percent (1%) of the estimated Internal Service Fund revenue from subscription and service rates during the 2022-2023 fiscal year.

INFORMATION TECHNOLOGY PROCUREMENT/STATE CIO TRANSFER

SECTION 38.2.(a) The Statewide IT Procurement Office within the Department of Information Technology, authorized under Part 4 of Article 15 of Chapter 143B of the General Statutes, is transferred to the Department of Administration. This transfer has all of the elements of a Type II transfer, as described in G.S. 143A-6, except that the management functions of the Commission shall not be performed under the direction and supervision of the Secretary of Administration but shall be performed by the State Chief Information Officer.

SECTION 38.2.(b) Part 4 of Article 15 of Chapter 143B of the General Statutes is recodified into Part 28D of Article 9 of Chapter 143B of the General Statutes, renumbered as G.S. 143B-426.40K through G.S. 143B-426.40W, respectively, and reads as rewritten:

"Part 28D. Information Technology Procurement.

"**§ 143B-426.40K. Procurement of information technology.**

(a) The State CIO is responsible for establishing policies and procedures for information technology procurement for State agencies.

Notwithstanding any other provision of law, the Department shall procure all information technology goods and services for participating agencies and shall approve information technology procurements for separate agencies. The State CIO may cancel or suspend any agency information technology procurement that occurs without State CIO approval.

(b) The ~~Department~~ Statewide IT Procurement Office shall review all procurements to ensure they meet current technology standards, are not duplicative, meet business objectives, are cost-effective, and are adequately funded. G.S. 143-135.9 shall apply to information technology procurements.

(c) The ~~Department~~ Statewide IT Procurement Office shall, subject to the provisions of this Part, do all of the following with respect to State information technology procurement:

(1) Purchase or contract for all information technology for participating State agencies.

(2) Approve all technology purchases for separate agencies.

(3) Establish standardized, consistent processes, specifications, and standards that shall apply to all information technology to be purchased, licensed, or leased by State agencies and relating to information technology personal services contract requirements for State agencies.

(4) Establish procedures to permit State agencies and local government entities to use the General Services Administration (GSA) Cooperative Purchasing Program to purchase information technology (i) awarded under GSA Supply Schedule 70 Information Technology and (ii) from contracts under the GSA's Consolidated Schedule containing information technology special item numbers.

(5) Establish procedures to permit State agencies and local government entities to use multiple award schedule contracts and other cooperative purchasing agreements.

(6) Comply with the State government-wide technical architecture, as required by the State CIO.

(7) Utilize the purchasing benchmarks established by the Secretary of Administration pursuant to G.S. 143-53.1.

(8) Provide strategic sourcing resources and detailed, documented planning to compile and consolidate all estimates of information technology goods and services needed and required by State agencies.

(9) Develop a process to provide a question and answer period for vendors prior to procurements.

(d) Each State agency shall furnish to the State CIO when requested, and on forms as prescribed, estimates of and budgets for all information technology goods and services needed and required by such department, institution, or agency for such periods in advance as may be designated by the State CIO. When requested, all State agencies shall provide to the State CIO on forms as prescribed, actual expenditures for all goods and services needed and required by the department, institution, or agency for such periods after the expenditures have been made as may be designated by the State CIO.

(e) Confidentiality. – Contract information compiled by the ~~Department~~ Statewide IT Procurement Office shall be made a matter of public record after the award of contract. Trade secrets, test data, similar proprietary information, and security information protected under G.S. 132-6.1(c) or other law shall remain confidential.

(f) Electronic Procurement. – The State CIO may authorize the use of the electronic procurement system established by G.S. 143-48.3, or other systems, to conduct reverse auctions and electronic bidding. For purposes of this Part, "reverse auction" means a real-time purchasing process in which vendors compete to provide goods or services at the lowest selling price in an open and interactive electronic environment. The vendor's price may be revealed during the reverse auction. The ~~Department~~ Statewide IT Procurement Office may contract with a third-party vendor to conduct the reverse auction. "Electronic bidding" means the electronic solicitation and receipt of offers to contract. Offers may be accepted and contracts may be entered by use of electronic bidding. All requirements relating to formal and competitive bids, including

advertisement, seal, and signature, are satisfied when a procurement is conducted or a contract is entered in compliance with the reverse auction or electronic bidding requirements established by the ~~Department.~~Statewide IT Procurement Office.

(f1) Multiple-Award Schedule Contracts. – The procurement of information technology may be conducted using multiple award schedule contracts. Contracts awarded under this subsection shall be periodically updated as directed by the State CIO to include the addition or deletion of particular vendors, goods, services, or pricing.

(g) The State CIO shall establish efficient, responsive procedures for the procurement of information technology. The procedures may include aggregation of hardware purchases, the use of formal bid procedures, restrictions on supplemental staffing, enterprise software licensing, hosting, and multiyear maintenance agreements. The State CIO may require agencies to submit information technology procurement requests on a regularly occurring schedule each fiscal year in order to allow for bulk purchasing.

(h) All offers to contract, whether through competitive bidding or other procurement method, shall be subject to evaluation and selection by acceptance of the most advantageous offer to the State. Evaluation shall include best value, as the term is defined in G.S. 143-135.9(a)(1), compliance with information technology project management policies, compliance with information technology security standards and policies, substantial conformity with the specifications, and other conditions set forth in the solicitation.

(h1) All contracts subject to the provisions of this Part shall include a limitation on the contractor's liability to the State for damages. Except as otherwise provided in this subsection, the limitation of liability shall be for damages arising from any cause whatsoever, regardless of the form of action. The amount of liability shall be determined based on the nature of the goods or services covered by the contract; however, there shall be a presumptive limitation of no more than two times the value of the contract. Limitation of liability pursuant to this subsection shall specifically include, but not be limited to, the contractor's liability for damages and any other losses relating to the loss of, unauthorized access to, or unauthorized disclosure of data.

The amount of liability for damages and any other losses relating to the loss of, unauthorized access to, or unauthorized disclosure of data may be raised to no more than three times the value of the contract if all of the following apply:

(1) The State CIO completes a risk assessment prior to the bid solicitation or request for proposal.

(2) The risk assessment determines that an increase in the liability amount is necessary to protect the State's best interests.

(3) The bid solicitation or request for proposal indicates that increased liability will be required for the resulting contract.

The State CIO shall report annually to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Oversight Committee on Information Technology no later than March 1 regarding the contracts containing liability amounts of more than two times the value of the contract.

Prior to entering into any contract subject to the provisions of this Part, the ~~Department~~ Statewide IT Procurement Office or the separate agency, as applicable, shall reasonably determine that the contractor possesses sufficient financial resources, either independently or through third-party sources, such as insurance, to satisfy the agreed upon limitation of liability. The limitation of liability required by this subsection shall not apply to liability of the contractor for intentional or willful misconduct, damage to tangible personal property, physical injuries to persons, or any notification costs resulting from compliance with G.S. 132-1.10(c1). Nothing in this subsection (i) limits the contractor's liability directly to third parties or (ii) affects the rights and obligations related to contribution among joint tortfeasors established by Chapter 1B of the General Statutes and other applicable law.

(i) Exceptions. – In addition to permitted waivers of competition, the requirements of competitive bidding shall not apply to information technology contracts and procurements:

(1) In cases of pressing need or emergency arising from a security incident.

(2) In the use of master licensing or purchasing agreements governing the ~~Department's~~ Statewide IT Procurement Office's acquisition of proprietary intellectual property.

(3) In the procurement of cybersecurity and infrastructure security products, consistent with Best Value procurement principles as provided in G.S. 143-135.9.

Any exceptions shall immediately be reported to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division.

(j) Information Technology Innovation Center. – The ~~Department~~ Statewide IT Procurement Office may operate a State Information Technology Innovation Center (iCenter) to develop and demonstrate technology solutions with potential benefit to the State and its citizens. The iCenter may facilitate the piloting of potential solutions to State technology requirements. In operating the iCenter, the State CIO shall ensure that all State laws, rules, and policies are followed.

Vendor participation in the iCenter shall not be construed to (i) create any type of preferred status for vendors or (ii) abrogate the requirement that agency and statewide requirements for information technology support, including those of the ~~Department,~~ Statewide IT Procurement Office, are awarded based on a competitive process that follows information technology procurement guidelines.

(k) No contract subject to the provisions of this Part may be entered into unless the contractor and the contractor's subcontractors comply with the requirements of Article 2 of Chapter 64 of the General Statutes.

(*l*) For the purposes of this Part, the definitions in G.S. 143B-1320 apply.

"**§ 143B-426.40L. Restriction on State agency contractual authority with regard to information technology.**

(a) All State agencies covered by ~~this~~ Article 15 of this Chapter shall use contracts for information technology to include enterprise licensing agreements and convenience contracts established by the ~~Department.~~ Statewide IT Procurement Office. The State CIO shall consult the agency heads prior to the initiation of any enterprise project or contract. Notwithstanding any other statute, the authority of State agencies to procure or obtain information technology shall be subject to compliance with the provisions of this Part.

(b) Notwithstanding any other provision of law, local governmental entities may use the information technology programs, services, or contracts offered by the ~~Department,~~ Statewide IT Procurement Office, including information technology procurement, in accordance with the statutes, policies, and rules of the ~~Department.~~ Statewide IT Procurement Office. Local governmental entities are not required to comply with otherwise applicable competitive bidding requirements when using contracts established by the ~~Department.~~Statewide IT Procurement Office.

(c) Any other State entities exempt from Part 3 or Part 5 of ~~this~~ Article 15 of this Chapter may also use the information technology programs, services, or contracts offered by the ~~Department,~~ Statewide IT Procurement Office, including information technology procurement, in accordance with the statutes, policies, and rules of the ~~Department.~~Statewide IT Procurement Office.

"**§ 143B-426.40M. Unauthorized use of public purchase or contract procedures for private benefit prohibited.**

(a) It is unlawful for any person, by the use of the powers, policies, or procedures described in this Part or established hereunder, to purchase, attempt to purchase, procure, or attempt to procure any property or services for private use or benefit.

(b) This prohibition shall not apply if:

(1) The State agency through which the property or services are procured had theretofore established policies and procedures permitting such purchases or procurement by a class or classes of persons in order to provide for the mutual benefit of such persons and the department, institution, or agency involved or the public benefit or convenience; and

(2) Such policies and procedures, including any reimbursement policies, are complied with by the person permitted thereunder to use the purchasing or procurement procedures described in this Part or established thereunder.

(c) Any violation of this section is a Class 1 misdemeanor.

(d) Any employee or official of the State who violates this Part shall be liable to the State to repay any amount expended in violation of this Part, together with any court costs.

"**§ 143B-426.40N. Financial interest of officers in sources of supply; acceptance of bribes; gifts and favors regulated.**

(a) Neither the State CIO, any deputy State CIO, or any other policy-making or managerially exempt personnel shall be financially interested, or have any personal beneficial interest, either directly or indirectly, in the purchase of, or contract for, any information technology, nor in any firm, corporation, partnership, or association furnishing any information technology to the State government or any of its departments, institutions, or agencies. Violation of this section is a Class F felony, and any person found guilty of a violation of this section shall, upon conviction, be removed from State office or employment.

(b) The provisions of G.S. 133-32 shall apply to all ~~Department~~ Statewide IT Procurement Office employees.

"**§ 143B-426.40O. Certification that information technology bid submitted without collusion.**

The State CIO shall require bidders to certify that each bid on information technology contracts overseen by the ~~Department~~ Statewide IT Procurement Office is submitted competitively and without collusion. False certification is a Class I felony.

"**§ 143B-426.40P. Award review.**

(a) When the dollar value of a contract for the procurement of information technology equipment, materials, and supplies exceeds the benchmark established by subdivision (1) of subsection (c) of this section, an award recommendation shall be submitted to the State CIO for approval or other action. The State CIO shall promptly notify the agency or institution making the recommendation, or for which the purchase is to be made, of the action taken.

(b) Prior to submission for review pursuant to this section for any contract for information technology being acquired for the benefit of an agency authorized to deviate from ~~this~~ Article 15 of this Chapter pursuant to G.S. 143B-1320(c), the State CIO shall review and approve the procurement to ensure compliance with the established processes, specifications, and standards applicable to all information technology purchased, licensed, or leased in State government, including established procurement processes, and compliance with the State government-wide technical architecture and standards established by the State CIO.

(c) The State CIO shall provide a report of all contract awards approved through the Statewide IT Procurement Office as indicated below. The report shall include the amount of the award, the contract term, the award recipient, the using agency, and a short description of the nature of the award, as follows:

(1) For contract awards greater than twenty-five thousand dollars ($25,000), to the cochairs of the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division as requested.

(2) For all contract awards outside the established purchasing system, to the Department of Administration, Joint Legislative Oversight Committee on

Information Technology, and the Fiscal Research Division on March 1 and September 1 of each year.

"**§ 143B-426.40Q. Multiyear contracts; Attorney General assistance.**

(a) Notwithstanding the cash management provisions of G.S. 147-86.11, the ~~Department~~ Statewide IT Procurement Office may procure information technology goods and services for periods up to a total of three years where the terms of the procurement contracts require payment of all or a portion of the contract price at the beginning of the contract agreement. All of the following conditions shall be met before payment for these agreements may be disbursed:

(1) Any advance payment can be accomplished within the IT Internal Service Fund budget.

(2) The State Controller receives conclusive evidence that the proposed agreement would be more cost-effective than a multiyear agreement that complies with G.S. 147-86.11.

(3) The procurement complies in all other aspects with applicable statutes and rules.

(4) The proposed agreement contains contract terms that protect the financial interest of the State against contractor nonperformance or insolvency through the creation of escrow accounts for funds, source codes, or both, or by any other reasonable means that have legally binding effect.

The Office of State Budget and Management shall ensure the savings from any authorized agreement shall be included in the IT Internal Service Fund rate calculations before approving annual proposed rates. Any savings resulting from the agreements shall be returned to agencies included in the contract in the form of reduced rates.

(b) At the request of the State CIO, the Attorney General shall provide legal advice and services necessary to implement this ~~Article.~~Part.

"**§ 143B-426.40R. Purchase of certain computer equipment and televisions by State agencies and governmental entities prohibited.**

(a) No State agency, local political subdivision of the State, or other public body shall purchase computer equipment or televisions, as defined in G.S. 130A-309.131, or enter into a contract with any manufacturer that the State CIO determines is not in compliance with the requirements of G.S. 130A-309.134 or G.S. 130A-309.135 as determined from the list provided by the Department of Environmental Quality pursuant to G.S. 130A-309.138. The State CIO shall issue written findings upon a determination of noncompliance. A determination of noncompliance by the State CIO is reviewable under Article 3 of Chapter 150B of the General Statutes.

(b) The ~~Department~~ Statewide IT Procurement Office shall make the list available to local political subdivisions of the State and other public bodies. A manufacturer that is not in compliance with the requirements of G.S. 130A-309.134 or G.S. 130A-309.135 shall not sell or offer for sale computer equipment or televisions to the State, a local political subdivision of the State, or other public body.

"**§ 143B-426.40S. Refurbished computer equipment purchasing program.**

(a) The ~~Department of Information Technology~~ Statewide IT Procurement Office and the Department of Administration, with the administrative support of the Information Technology Strategic Sourcing Office, shall offer State and local governmental entities the option of purchasing refurbished computer equipment from registered computer equipment refurbishers whenever most appropriate to meet the needs of State and local governmental entities.

(b) State and local governmental entities shall document savings resulting from the purchase of the refurbished computer equipment, including, but not limited to, the initial acquisition cost as well as operations and maintenance costs. These savings shall be reported quarterly to the ~~Department of Information Technology.~~Statewide IT Procurement Office.

(c) The Information Technology Strategic Sourcing Office shall administer the refurbished computer equipment program by establishing a competitive purchasing process to support this initiative that meets all State information technology procurement laws and procedures and ensures that agencies receive the best value.

(d) Participating computer equipment refurbishers must meet all procurement requirements established by the ~~Department of Information Technology~~ Statewide IT Procurement Office and the Department of Administration.

"**§ 143B-426.40T. Configuration and specification requirements same as for new computers.**

Refurbished computer equipment purchased under this act must conform to the same standards as the State may establish as to the configuration and specification requirements for the purchase of new computers.

"**§ 143B-426.40U. Data on reliability and other issues; report.**

The ~~Department of Information Technology~~ Statewide IT Procurement Office shall maintain data on equipment reliability, potential cost savings, and any issues associated with the refurbished computer equipment initiative and shall report the results of the initiative to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division by March 1, 2016, and then annually thereafter.

"**§ 143B-426.40V. Information technology procurement policy; reporting requirements.**

(a) Policy. – In order to further the policy of the State to encourage and promote the use of small, minority, physically handicapped, and women contractors in State purchasing of goods and services, all State agencies shall cooperate with the ~~Department~~ Statewide IT Procurement Office in efforts to encourage the use of small, minority, physically handicapped, and women contractors in achieving the purposes of this ~~Article,~~ Part, which is to provide for the effective and economical acquisition, management, and disposition of information technology.

(b) Bids. – A vendor submitting a bid shall disclose in a statement, provided contemporaneously with the bid, where services will be performed under the contract sought, including any subcontracts and whether any services under that contract, including any subcontracts, are anticipated to be performed outside the United States. Nothing in this section is intended to contravene any existing treaty, law, agreement, or regulation of the United States. The State CIO shall retain the statements required by this subsection regardless of the State entity that awards the contract and shall report annually to the Secretary of Administration on the number of contracts which are anticipated to be performed outside the United States.

(c) Reporting. – Every State agency that makes a direct purchase of information technology using the services of the ~~Department~~ Statewide IT Procurement Office shall report directly to the Department of Administration all information required by G.S. 143-48(b).

(d) Data from Department of Administration. – The Department of Administration shall collect and compile the data described in this section and report it annually to the ~~Department of Information Technology,~~ Statewide IT Procurement Office, the Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research Division.

"**§ 143B-426.40W. Personal services contracts subject to ~~Article.~~Part.**

(a) Requirement. – Notwithstanding any other provision of law, information technology personal services contracts for executive branch agencies shall be subject to the same requirements and procedures as information technology service contracts, except as provided in this section.

(b) Certain Approvals Required. – Notwithstanding any provision of law to the contrary, no information technology personal services contract, nor any contract that provides personnel to perform information technology functions regardless of the cost of the contract, may be established or renewed without written approval from the ~~Department of Information Technology.~~ Statewide IT Procurement Office. To facilitate compliance with this requirement, the ~~Department of Information Technology~~ Statewide IT Procurement Office shall develop and

document a process to monitor all State agency information technology personal services contracts, as well as any other State contracts providing personnel to perform information technology functions and a process for obtaining approval of contractor positions.

(c), (d) Repealed by Session Laws 2019-200, s. 2, effective August 21, 2019.

(e) Reporting Required. – The ~~Department of Information Technology~~ Statewide IT Procurement Office shall report biennially to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on the number of information technology service contractors in each State agency, the cost for each, and the comparable cost, including benefits, of a State employee serving in that capacity rather than a contractor.

(f) Information Technology Personal Services Contract Defined. – For purposes of this section, the term "personal services contract" means a contract for services provided by a professional individual as an independent contractor on a temporary or occasional basis.

(g) Repealed by Session Laws 2019-200, s. 2, effective August 21, 2019.

"**§ 143B-426.40X. Statewide IT Procurement Office; creation.**

There is created the Statewide IT Procurement Office. The office shall be located administratively within the Department of Administration but shall exercise all of its prescribed statutory powers independently of the Secretary of Administration.

"**§ 143B-426.40Y. State Chief Information Officer; organization of office.**

(a) The Statewide IT Procurement Office shall be headed by the State Chief Information Officer, who shall also be known as the State CIO, and who shall maintain and administer the State information technology procurement system under this Part.

(b) The State Chief Information Officer shall be a person qualified by education and experience for the office and shall be appointed by the Governor subject to confirmation by the General Assembly. The term of office of the State Chief Information Officer shall be for seven years; the first full term shall begin October 1, 2023.

The Governor shall submit the name of the person to be appointed, for confirmation by the General Assembly, to the President of the Senate and the Speaker of the House of Representatives by July 1 of the year in which the State Chief Information Officer is to be appointed. If the Governor does not submit the name by that date, the President of the Senate and the Speaker of the House of Representatives shall submit a name to the General Assembly for confirmation.

In case of death, incapacity, resignation, removal by the Governor for cause, or vacancy for any other reason prior to the expiration of the term of office while the General Assembly is in session, the Governor shall submit the name of a successor State Chief Information Officer to the President of the Senate and the Speaker of the House of Representatives within four weeks after the vacancy occurs. If the Governor does not do so, the President of the Senate and the Speaker of the House of Representatives shall submit a name to the General Assembly for confirmation.

In case of death, incapacity, resignation, removal by the Governor for cause, or vacancy for any other reason prior to the expiration of the term of office while the General Assembly is not in session, the Governor shall appoint a State Chief Information Officer to serve on an interim basis pending confirmation by the General Assembly. The salary of the State Chief Information Officer shall be set by the General Assembly in the Current Operations Appropriations Act.

(c) The State Chief Information Officer may appoint one or more Deputy State Chief Information Officers. The salary of the Deputy State Chief Information Officers shall be set by the State Chief Information Officer.

(d) The State Chief Information Officer may appoint all employees necessary to carry out the powers and duties of the office. These employees shall be subject to the North Carolina Human Resources Act. All employees of the office shall be under the supervision, direction, and control of the State Chief Information Officer. Except as otherwise provided by this Part, the State Chief Information Officer may assign any function vested in the State Chief Information

Officer or the Statewide IT Procurement Office to any subordinate officer or employee of the office.

(e) The State Chief Information Officer may, subject to the provisions of G.S. 147-64.7(b)(2), obtain the services of professional persons or experts to carry out the powers and duties of the office. The State Chief Information Officer shall have legal custody of all books, papers, documents, and other records of the office. The State Chief Information Officer shall be responsible for the preparation of and the presentation of the office budget request, including all funds requested and all receipts expected for all elements of the budget.

(f) The State Chief Information Officer may adopt regulations for the administration of the office, the conduct of employees of the office, the distribution and performance of business, the performance of the functions assigned to the State Chief Information Officer, the office, and the Statewide IT Procurement Office, as well as the custody, use, and preservation of the records, documents, and property pertaining to the business of the office and the Statewide IT Procurement Office. All employees of the Statewide IT Procurement Office shall be subject to the applicable provisions of the State Government Ethics Act under Chapter 138A of the General Statutes.

"**§ 143B-426.40Z. Duties of the State Chief Information Officer.**

The State CIO shall have the following powers and duty to do all of the following:

(1) Ensure that executive branch agencies receive all required information technology procurement support in an efficient and timely manner.

(2) Ensure that such information technology procurement support is provided to local government entities and others, as appropriate.

(3) As required, plan and coordinate information technology procurement efforts with State agencies, nonprofits, and private organizations.

(4) Set technical standards for information technology procurement, review and approve information technology procurement projects and budgets, establish information technology security standards, provide for the procurement of information technology resources, and develop a schedule for the replacement or modification of information technology systems.

(5) Require reports by State departments, institutions, or agencies of information technology assets, systems, and projects; prescribe the form of such reports; and verify the information when the State CIO determines verification is necessary.

(6) Prescribe the manner in which information technology assets and systems shall be provided and distributed among agencies."

SECTION 38.2.(c) Article 15 of Chapter 143B of the General Statutes reads as rewritten:

"Article 15.

"Department of Information Technology.

"Part 1. General Provisions.

"**§ 143B-1320. Definitions; scope; exemptions.**

(a) Definitions. – The following definitions apply in this Article:

…

(18) ~~State Chief Information Officer or State CIO.~~ Secretary of the Department of Information Technology or Secretary. – The head of the Department, who is a Governor's cabinet level officer.

…

"**§ 143B-1321. Powers and duties of the Department; cost-sharing with exempt entities.**

(a) The Department shall have the following powers and duties:

…

(6) Establish a consistent process for ~~planning, maintaining, and acquiring~~ planning and maintaining the State's information technology resources. This includes responsibility for developing and administering a comprehensive long-range plan to ensure the proper management of the State's information technology resources.

…

(8) Set technical standards for information technology, review and approve information technology projects and budgets, establish and enforce information technology security standards, ~~establish and enforce standards for the procurement of information technology resources,~~ and develop a schedule for the replacement or modification of information technology systems.

~~(9) Implement enterprise procurement processes and develop metrics to support this process.~~

…

(27) Adopt plans, policies, and procedures for the ~~acquisition, management,~~ management and use of information technology resources in State agencies to facilitate more efficient and economic use of information technology in the agencies.

…

"**§ 143B-1322. State CIO duties; Departmental personnel and administration.**

(a) ~~State CIO.~~ Secretary. – The ~~State Chief Information Officer (State CIO)~~ Secretary of the Department of Information Technology is the head of the ~~Department,~~ Department and a member of the Governor's ~~cabinet, and may also be referred to as the Secretary of the Department of Information Technology.~~ cabinet. The ~~State CIO~~ Secretary is appointed by and serves at the pleasure of the Governor. The ~~State CIO~~ Secretary shall be qualified by education and experience for the office. The salary of the ~~State CIO~~ Secretary shall be set by the Governor. The ~~State CIO~~ Secretary shall receive longevity pay on the same basis as is provided to employees of the State who are subject to the North Carolina Human Resources Act.

(b) Departmental Personnel. – The ~~State CIO~~ Secretary may appoint one or more ~~deputy State CIOs,~~ deputies, each of whom shall be under the direct supervision of the ~~State CIO.~~ Secretary. The salaries of the ~~deputy State CIOs~~ deputies shall be set by the ~~State CIO.~~ Secretary. The ~~State CIO~~ Secretary and the ~~Deputy State CIOs~~ deputies are exempt from the North Carolina Human Resources Act. Subject to the approval of the Governor and limitations of the G.S. 126-5, the ~~State CIO~~ Secretary may appoint or designate additional managerial and policy making positions, including, but not limited to, the Department's chief financial officer and general counsel, each of whom shall be exempt from the North Carolina Human Resources Act.

(c) Administration. – The Department shall be managed under the administration of the ~~State CIO.~~ Secretary. The ~~State CIO~~ Secretary shall have the following powers and duty to do all of the following:

…

(14) Set technical standards for information technology, review and approve information technology projects and budgets, establish information technology security standards, ~~provide for the procurement of information technology resources,~~ and develop a schedule for the replacement or modification of information technology systems.

…

"**§ 143B-1325. State information technology consolidated under Department of Information Technology.**

(a) Consolidation Completed. – Effective July 1, 2018, the consolidation of enterprise information technology functions within the executive branch is completed with the Secretary

heading all of the information technology functions under the Department's purview, including all of the following:

…

~~(6) Information technology procurement.~~

…

"**§ 143B-1332. Information Technology Fund.**

There is established a special revenue fund to be known as the Information Technology Fund, which may receive transfers or other credits as authorized by the General Assembly. Money may be appropriated from the Information Technology Fund to support the operation and administration that meet statewide requirements, including planning, project management, security, electronic mail, State portal operations, and early adoption of enterprise ~~efforts, and the administration of systemwide procurement procedures.~~ efforts. Funding for participating agency information technology projects shall be appropriated to the Information Technology Fund and may be reallocated by the State CIO, if appropriate, following coordination with the impacted agencies and written approval by the Office of State Budget and Management. Any redirection of agency funds shall immediately be reported to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division with a detailed explanation of the reasons for the redirection. Expenditures involving funds appropriated to the Department from the Information Technology Fund shall be made by the State CIO. Interest earnings on the Information Technology Fund balance shall be credited to the Information Technology Fund.

…

"**§ 143B-1336. Information technology human resources.**

…

(d) The State CIO shall establish standard information technology career paths for both management and technical tracks, including defined qualifications, career progression, training requirements, and appropriate compensation. ~~For information technology procurement professionals, the State CIO shall establish a career path that includes defined qualifications, career progression, training requirements, and appropriate compensation.~~ These career paths shall be documented by February 1, 2016, and shall be provided to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division by Feburary 1, 2016, but may be submitted incrementally to meet Department requirements. The career paths shall be updated on an annual basis.

…

"**§ 143B-1341. Project management standards.**

…

(d) State CIO Responsibilities. – The State CIO shall provide a project management assistant from the Department for any approved separate agency project, whether the project is undertaken in single or multiple phases or components. The State CIO may designate a project management assistant for any other information technology project.

The project management assistant shall advise the agency with the initial planning of a project, the content and design of any request for proposals, contract development, ~~procurement,~~ and architectural and other technical reviews. The project management assistant shall also monitor progress in the development and implementation of the project and shall provide status reports to the agency and the State CIO, including recommendations regarding continued approval of the project.

The State CIO shall establish a clearly defined, standardized process for project management that includes time lines for completion of process requirements for both the Department and agencies. The State CIO shall also establish reporting requirements for information technology projects, both during the planning, development, and implementation process and following completion of the project. The State CIO shall continue to monitor system performance and financial aspects of each project after implementation. The State CIO shall also monitor any

certification process required for State information technology projects and shall immediately report any issues associated with certification processes to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division.

…

"~~**§ 143B-1343. Standardization.**~~

~~The State CIO shall establish consistent standards for the purchase of agency hardware and software that reflect identified, documented agency needs.~~

…."

SECTION 38.2.(d) The Revisor of Statutes shall delete the phrase "State CIO" wherever it appears in Article 15 of Chapter 143B of the General Statutes and substitute it with the phrase "Secretary."

SECTION 38.2.(e) The State Chief Information Officer shall retain three procurement specialists, who shall be exempt from the North Carolina Human Resources Act, in connection with the duties established in this section.

DMV SERVICE MODERNIZATION STUDY

SECTION 38.3. The Department of Information Technology, in collaboration with the Department of Transportation, shall study the feasibility of modernizing the customer service experience at Division of Motor Vehicles (DMV) locations by expanding the availability and use of customer self-service kiosks at DMV locations. The study shall consider the following:

(1) Hardware and software needs, including printers, scanning technology, and broadband access.

(2) Potential impact on staffing, including staff time, staff duties and responsibilities, and staffing needs.

(3) Potential cost-savings.

(4) Potential reductions in wait times for DMV customers.

(5) Assessment of available technology and an analysis of procurement options and partnerships with third-party vendors.

(6) Assessment of best practices from other states that have implemented similar systems.

(7) Recommendations on funding needs and potential legislation from the General Assembly.

The Department of Information Technology and the Department of Transportation shall submit a report containing the findings of the study described in this section on or before March 1, 2024, to the Joint Legislative Oversight Committee on Information Technology, the Joint Legislative Transportation Oversight Committee, and the Fiscal Research Division.

DPS DIVISIONS TREATED AS SEPARATE AGENCIES

SECTION 38.4. In accordance with G.S. 143B-1325(c)(13), and notwithstanding any other provision of Article 15 of Chapter 143B of the General Statutes to the contrary, the State Highway Patrol, the State Bureau of Investigation, and the Division of Emergency Management within the Department of Public Safety shall continue to be entirely exempt from any and all information technology oversight by the Department of Public Safety and the Department of Information Technology. The State Highway Patrol, the State Bureau of Investigation, and the Division of Emergency Management shall be deemed as separate, standalone entities within the Department of Public Safety in all matters related to information technology, and each shall autonomously manage their own respective information technology infrastructure and all associated services without oversight from the Department of Information Technology or the Department of Public Safety. Exemption from information technology oversight includes, but is not limited to, the following:

(1) Information technology architecture and planning.

(2) Information technology personnel management.
(3) Information technology project management.
(4) Information technology purchasing and procurement decisions and methodologies.
(5) Hardware acquisition, configuration, implementation, and management.
(6) Software acquisition, configuration, implementation, and management.
(7) Data center locations, operations, and management.
(8) Network topology, operations, and management.
(9) System and data security, including disaster recovery planning.
(10) Reporting requirements.
(11) Any future transfers of information technology personnel, operations, projects, assets, and information technology budgets to the Department of Information Technology.

PART XXXIX. SALARIES AND BENEFITS

ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED LEGISLATIVE SALARY INCREASES/EFFECTIVE JULY 1, 2023, AND JULY 1, 2024

SECTION 39.1.(a) Effective July 1, 2023, 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, 2023, is awarded:

(1) A legislative salary increase in the amount of four and twenty-five hundredths percent (4.25%) of annual salary in the 2023-2024 fiscal year.
(2) Any salary adjustment otherwise allowed or provided by law.

SECTION 39.1.(a1) Effective July 1, 2024, 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, 2024, is awarded:

(1) A legislative salary increase in the amount of three and twenty-five hundredths percent (3.25%) of annual salary in the 2024-2025 fiscal year.
(2) Any salary adjustment otherwise allowed or provided by law.

SECTION 39.1.(b) For the 2023-2025 fiscal biennium, the following persons are not eligible to receive the legislative salary increases provided by subsections (a) and (a1) 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) Correctional employees to which Section 39.15 of this Part applies.
(6) Law enforcement officers to which Section 39.16 of this Part applies.
(7) State Highway Patrol employees to which Section 39.17 of this Part applies.
(8) Probation and parole officers to which Section 39.18 of this Part applies.
(9) Employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, and the State Board of Education who are paid based on the Teacher Salary Schedule.

SECTION 39.1.(c) Part-time employees shall receive the increases authorized by this section on a prorated and equitable basis.

SECTION 39.1.(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 increase is above the maximum of the salary range prescribed by the State Human Resources Commission.

LABOR MARKET ADJUSTMENT RESERVE

SECTION 39.2.(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 39.2.(b) The provisions of subsection (a) of this section do not apply to the State Highway Patrol or the State Bureau of Investigation, and no allocations shall be made to those agencies for labor market adjustments.

SECTION 39.2.(c) The Director of the Budget may adjust a State agency's budgeted receipts to provide an equivalent one percent (1%) Labor Market Adjustment Salary Reserve for the 2023-2025 fiscal biennium 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 2023-2024 fiscal year and the 2024-2025 fiscal year.

SECTION 39.2.(d) 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 display 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 September 30, 2024. By October 31, 2024, the OSHR shall submit the report containing the agency responses to the Fiscal Research Division.

STATE AGENCY HIRING, PAY AND CLASSIFICATION FLEXIBILITY

SECTION 39.3.(a) Effective July 1, 2023, G.S. 126-5 is amended by adding a new subsection to read:

"(c19) Notwithstanding any provision of this Chapter to the contrary, the Council of State, the executive branch agencies, the Community College System Office, and The University of North Carolina are each authorized to do the following:

(1) Classify or reclassify their positions according to the classification system established by the State Human Resources Commission (SHRC) as long as the employee meets the minimum requirements of the classification.

(2) Set salaries for their employees within the salary ranges for the respective position classification established by the SHRC."

SECTION 39.3.(b) G.S. 126-14.3 reads as rewritten:

"**§ 126-14.3. Open and fair competition.**

The State Human Resources Commission shall adopt rules or policies to:

…

(9) Authorize agencies to make job offers as soon as possible after the completion of the interviews for a position. These rules or policies shall include, without limitation, authorizing agencies to make job offers that are contingent upon satisfactory reference checks and, if required, satisfactory background checks."

GOVERNOR AND COUNCIL OF STATE

SECTION 39.4.(a) Effective July 1, 2023, G.S. 147-11(a) reads as rewritten:

"(a) The salary of the Governor shall be ~~one hundred sixty-five thousand seven hundred fifty dollars ($165,750)~~ one hundred seventy-two thousand seven hundred ninety-four dollars ($172,794) annually, payable monthly."

SECTION 39.4.(a1) Effective July 1, 2024, G.S. 147-11(a), as amended by subsection (a) of this section, reads as rewritten:

"(a) The salary of the Governor shall be ~~one hundred seventy-two thousand seven hundred ninety-four dollars ($172,794)~~ one hundred seventy-eight thousand four hundred ten dollars ($178,410) annually, payable monthly."

SECTION 39.4.(b) Effective July 1, 2023, the annual salaries for members of the Council of State, payable monthly, are set as follows:

Council of State	**Annual Salary**
Lieutenant Governor	$152,644
Attorney General	152,644
Secretary of State	152,644
State Treasurer	152,644
State Auditor	152,644
Superintendent of Public Instruction	152,644
Agriculture Commissioner	152,644
Insurance Commissioner	152,644
Labor Commissioner	152,644

SECTION 39.4.(b1) Effective July 1, 2024, the annual salaries for members of the Council of State, payable monthly, are set as follows:

Council of State	**Annual Salary**
Lieutenant Governor	$157,605
Attorney General	157,605
Secretary of State	157,605
State Treasurer	157,605
State Auditor	157,605
Superintendent of Public Instruction	157,605
Agriculture Commissioner	157,605
Insurance Commissioner	157,605
Labor Commissioner	157,605

CERTAIN EXECUTIVE BRANCH OFFICIALS

SECTION 39.5.(a) Effective July 1, 2023, the annual salaries, payable monthly, for the following executive branch officials for the 2023-2024 fiscal year are as follows:

Executive Branch Officials	**Annual Salary**
Chairman, Alcoholic Beverage Control Commission	$137,071
State Controller	190,865
Commissioner of Banks	153,841
Chair, Board of Review, Division	

of Employment Security	150,901
Members, Board of Review, Division of Employment Security	149,057
Chairman, Parole Commission	150,901
Full-time Members of the Parole Commission	139,523
Chairman, Utilities Commission	171,057
Members of the Utilities Commission	153,841
Executive Director, North Carolina Agricultural Finance Authority	133,486

SECTION 35.9.(b) Effective July 1, 2024, the annual salaries, payable monthly, for the following executive branch officials for the 2024-2025 fiscal year are as follows:

Executive Branch Officials	**Annual Salary**
Chairman, Alcoholic Beverage Control Commission	$141,526
State Controller	197,068
Commissioner of Banks	158,841
Chair, Board of Review, Division of Employment Security	155,805
Members, Board of Review, Division of Employment Security	153,901
Chairman, Parole Commission	155,805
Full-time Members of the Parole Commission	144,057
Chairman, Utilities Commission	176,616
Members of the Utilities Commission	158,841
Executive Director, North Carolina Agricultural Finance Authority	137,824

JUDICIAL BRANCH

SECTION 39.6.(a) Effective July 1, 2023, the annual salaries, payable monthly, for the following judicial branch officials for the 2023-2024 fiscal year are as follows:

Judicial Branch Officials	**Annual Salary**
Chief Justice, Supreme Court	$179,600
Associate Justice, Supreme Court	174,939
Chief Judge, Court of Appeals	172,172
Judge, Court of Appeals	167,703
Judge, Senior Regular Resident Superior Court	163,177
Judge, Superior Court	158,656
Chief Judge, District Court	144,184
Judge, District Court	139,661
Chief Administrative Law Judge	140,857
District Attorney	153,427
Assistant Administrative Officer of the Courts	147,747
Public Defender	153,427
Director of Indigent Defense Services	158,131

SECTION 39.6.(a1) Effective July 1, 2024, the annual salaries, payable monthly, for the following judicial branch officials for the 2024-2025 fiscal year are as follows:

Judicial Branch Officials	**Annual Salary**
Chief Justice, Supreme Court	$185,437
Associate Justice, Supreme Court	180,625
Chief Judge, Court of Appeals	177,768
Judge, Court of Appeals	173,153

Judge, Senior Regular Resident Superior Court	168,480
Judge, Superior Court	163,812
Chief Judge, District Court	148,870
Judge, District Court	144,200
Chief Administrative Law Judge	145,435
District Attorney	158,413
Assistant Administrative Officer of the Courts	152,549
Public Defender	158,413
Director of Indigent Defense Services	163,270

SECTION 39.6.(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, for the 2023-2024 fiscal year, does not exceed ninety-six thousand two hundred ninety-seven dollars ($96,297) and the minimum salary of any assistant is at least fifty-one thousand six hundred eighty-four dollars ($51,684), effective July 1, 2023.

SECTION 39.6.(b1) 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, for the 2024-2025 fiscal year, does not exceed one hundred thousand three hundred ninety dollars ($100,390) and the minimum salary of any assistant is at least fifty-three thousand eight hundred eighty-one dollars ($53,881), effective July 1, 2024.

CLERKS OF SUPERIOR COURT

SECTION 39.7.(a) Effective July 1, 2023, G.S. 7A-101(a) reads as rewritten:

"(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	~~$104,300~~$108,733
20-29	~~115,280~~120,179
30-49	~~126,259~~131,625
50-99	~~137,238~~143,071
100 and above	~~139,983~~145,932

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."

SECTION 39.7.(a1) Effective July 1, 2024, G.S. 7A-101(a), as amended by subsection (a) of this section, reads as rewritten:

"(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	~~$108,733~~$112,267
20-29	~~120,179~~124,085
30-49	~~131,625~~135,903

50-99	~~143,071~~147,721
100 and above	~~145,932~~150,675

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 39.8.(a) Effective July 1, 2023, 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	~~$37,254~~$38,837
Maximum	~~68,828~~71,753

Deputy Clerks	Annual Salary
Minimum	~~$33,419~~$34,839
Maximum	~~54,056~~56,353"

SECTION 39.8.(a1) Effective July 1, 2024, G.S. 7A-102(c1), as amended by subsection (a) of this section, 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	~~$38,837~~$40,099
Maximum	~~71,753~~74,085

Deputy Clerks	Annual Salary
Minimum	~~$34,839~~$35,971
Maximum	~~56,353~~58,184"

MAGISTRATES

SECTION 39.9.(a) Effective July 1, 2023, G.S. 7A-171.1(a)(1) reads as rewritten:

"(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

(1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6:

Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary

Entry Rate	~~$43,462~~$45,309
Step 1	~~$46,670~~$48,653
Step 2	~~$50,131~~$52,262
Step 3	~~$53,795~~$56,081
Step 4	~~$58,186~~$60,659
Step 5	~~$63,473~~$66,171
Step 6	~~$69,401.~~$72,351."

SECTION 39.9.(a1) Effective July 1, 2024, G.S. 7A-171.1(a)(1), as amended by subsection (a) of this section, reads as rewritten:

"(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

(1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6:

Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary
Entry Rate	~~$45,309~~$46,782
Step 1	~~$48,653~~$50,234
Step 2	~~$52,262~~$53,961
Step 3	~~$56,081~~$57,904
Step 4	~~$60,659~~$62,630
Step 5	~~$66,171~~$68,322
Step 6	~~$72,351.~~$74,702."

LEGISLATIVE EMPLOYEES

SECTION 39.10.(a) Effective July 1, 2023, the annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2023, shall be legislatively increased by four and twenty-five hundredths percent (4.25%).

SECTION 39.10.(a1) Effective July 1, 2024, the annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2024, shall be legislatively increased by three and twenty-five hundredths percent (3.25%).

SECTION 39.10.(b) Nothing in this act limits any of the provisions of G.S. 120-32.

GENERAL ASSEMBLY PRINCIPAL CLERKS

SECTION 39.11.(a) Effective July 1, 2023, 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 twenty-five thousand thirty-four dollars ($125,034),~~ one hundred thirty thousand three hundred forty-eight dollars ($130,348), 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."

SECTION 39.11.(b) Effective July 1, 2024, G.S. 120-37(c), as amended by subsection (a) of this section, 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 thousand three hundred forty-eight dollars ($130,348),~~ one hundred thirty-four thousand five hundred eighty-four dollars ($134,584), 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."

SERGEANTS-AT-ARMS/READING CLERKS

SECTION 39.12.(a) Effective July 1, 2023, 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 ~~four hundred ninety-three dollars ($493.00)~~ five hundred fourteen dollars ($514.00) 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."

SECTION 39.12.(b) Effective July 1, 2024, G.S. 120-37(b), as amended by subsection (a) of this section, reads as rewritten:

"(b) The sergeant at arms and the reading clerk in each house shall be paid a salary of ~~five hundred fourteen dollars ($514.00)~~ five hundred thirty-one dollars ($531.00) 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 39.13.(a) Community college personnel shall receive the following legislative salary increases:

(1) Effective July 1, 2023, 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 four and twenty-five hundredths percent (4.25%).

(2) Effective July 1, 2024, 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 three and twenty-five hundredths percent (3.25%).

SECTION 39.13.(b) Effective July 1, 2023, the minimum salaries for nine-month, full-time curriculum community college faculty for the 2023-2024 fiscal year are as follows:

Minimum Salary

Education Level	2023-2024
Vocational Diploma/Certificate or Less	41,965
Associate Degree or Equivalent	42,549
Bachelor's Degree	45,080
Master's Degree or Education Specialist	47,326
Doctoral Degree	50,564

SECTION 39.13.(b1) Effective July 1, 2024, the minimum salaries for nine-month, full-time curriculum community college faculty for the 2024-2025 fiscal year are as follows:

Education Level	Minimum Salary 2024-2025
Vocational Diploma/Certificate or Less	43,329
Associate Degree or Equivalent	43,932
Bachelor's Degree	46,545
Master's Degree or Education Specialist	48,864
Doctoral Degree	52,207

SECTION 39.13.(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.

THE UNIVERSITY OF NORTH CAROLINA

SECTION 39.14. The University of North Carolina shall receive the following legislative salary increases:

(1) Effective July 1, 2023, 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 four and twenty-five hundredths percent (4.25%).

(2) Effective July 1, 2024, 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 three and twenty-five hundredths percent (3.25%).

CORRECTIONAL OFFICER SALARY SCHEDULE

SECTION 39.15.(a) State employees serving as correctional officers in the Department of Public Safety, Division 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.

SECTION 39.15.(b) The following annual salary schedule applies under subsection (a) of this section for the 2023-2025 fiscal biennium, effective for each year on July 1, 2023, and July 1, 2024, respectively:

	FY 2023-24			FY 2024-25		
Experience	COI	COII	COIII	COI	COII	COIII
0	$36,439	$37,637	$40,253	$37,623	$38,860	$41,561
1	$38,989	$40,272	$43,070	$40,256	$41,581	$44,470
2	$41,329	$42,688	$45,655	$42,672	$44,075	$47,139
3	$43,395	$44,823	$47,938	$44,805	$46,280	$49,496
4	$45,130	$46,615	$49,856	$46,597	$48,130	$51,476
5	$46,485	$48,013	$51,351	$47,996	$49,573	$53,020

6+	$47,414	$48,974	$52,379	$48,955	$50,566	$54,081

STATE LAW ENFORCEMENT OFFICER SALARY SCHEDULE

SECTION 39.16.(a) 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 39.16.(b) The following annual salary schedule applies under subsection (a) of this section for the 2023-2025 fiscal biennium, effective July 1, 2023, and July 1, 2024, for each respective fiscal year:

Years of Experience	FY 2023-24	FY 2024-25
0	51,620	53,298
1	54,976	56,763
2	58,550	60,453
3	62,356	64,383
4	66,409	68,567
5	70,726	73,025
6+	75,324	77,772

STATE HIGHWAY PATROL/SALARY SCHEDULE/INCREASE

SECTION 39.17.(a) 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 39.17.(b) The following annual salary schedule applies under subsection (a) of this section for the 2023-2025 fiscal biennium, effective July 1, 2023, and July 1, 2024, for each respective fiscal year:

Years of Experience	Biennium 2023-2025
0	55,000
1	58,575
2	62,382
3	66,437
4	70,755
5	75,354
6+	80,252

SECTION 39.17.(c) For the 2023-2025 biennium, employees of the State Highway Patrol to whom subsections (a) and (b) of this section do not apply shall receive annual salary increases for the 2023-2024 fiscal year in the amount of eleven and seven hundredths percent (11.07%), effective July 1, 2023.

PROBATION AND PAROLE OFFICER SALARY SCHEDULE

SECTION 39.18.(a) 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 39.18.(b) The following annual salary schedule applies under subsection (a) of this section for the 2023-2025 fiscal biennium, effective July 1, 2023, and July 1, 2024, for each respective fiscal year:

Years of Experience	FY 2023-24	FY 2024-25
0	43,577	44,993

1	46,409	47,917
2	49,426	51,032
3	52,639	54,350
4	56,060	57,882
5	59,704	61,644
6+	63,585	65,652

SECTION 39.18.(c) If an officer will not receive a salary increase during a fiscal year because the officer's salary exceeds the scheduled salary level, then the officer shall receive an annual salary increase equal to the amount of the across-the-board legislative salary increase authorized in this Part for that fiscal year.

PAY PLAN RESERVE

SECTION 39.19. G.S. 143C-4-9(a) reads as rewritten:

"(a) Creation. – The Pay Plan Reserve is established within the General Fund. The General Assembly shall appropriate in the Current Operations Appropriations Act (Act) or other appropriations act a specific amount to this reserve for allocation, on an as-needed basis only, to fund statutory and scheduled pay expenses authorized by:

(1) G.S. 20-187.3, and the Act, for troopers of the State Highway Patrol compensated pursuant to an experience-based salary schedule.
(2) G.S. 7A-102.
(3) G.S. 7A-171.1.
(4) Teacher Salary Schedule, as enacted by the General Assembly.
(5) Pay Plans for Principals and Assistant Principals, as enacted by the General Assembly.
(6) The Act, for law enforcement officers of the State Bureau of Investigation and Alcohol Law Enforcement.
(7) The Act, for correctional officers compensated pursuant to the Correctional Officer Salary Schedule.
(8) The Act, for probation and parole officers compensated pursuant to the Probation and Parole Officer Salary Schedule."

STATE AGENCY TEACHERS

SECTION 39.20. Employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, and the State Board of Education who are paid on the Teacher Salary Schedule shall be paid as authorized under this act.

MOST STATE EMPLOYEES

SECTION 39.21. Unless otherwise expressly provided by this Part, the annual salaries in effect for the following persons on June 30, 2023, and June 30, 2024, 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 39.22.(a) The legislative salary increases authorized by this act:

(1) For the 2023-2024 fiscal year, shall be paid effective on July 1, 2023, 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, 2023.

(2) For the 2024-2025 fiscal year, shall be paid effective on July 1, 2024, 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, 2024.

SECTION 39.22.(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 of the applicable fiscal year 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 of the applicable fiscal year.

SECTION 39.22.(c) This section applies to all employees paid from State funds, whether or not subject to or exempt from the North Carolina Human Resources Act, including employees of public schools, community colleges, and The University of North Carolina.

OTHER SALARY ADJUSTMENTS

SECTION 39.23.(a) Of the five hundred thousand dollars ($500,000) appropriated in this act for certain salary adjustments for law enforcement officers in the State Bureau of Investigation, the funds shall only be awarded to Assistant Special Agents in Charge, Special Agents in Charge, and Assistant Directors.

SECTION 39.23.(b) The district attorney of a judicial district may determine the distribution of funds appropriated in this act for certain salary adjustments of assistant district attorneys in addition to the legislatively mandated annual salary increases authorized in this Part.

SECTION 39.23.(c) The annual salary for the Director of the State Bureau of Investigation shall be one hundred eighty thousand dollars ($180,000), effective July 1, 2023.

MITIGATE BONUS LEAVE

SECTION 39.24. During the 2023-2024 fiscal year, State agencies, departments, institutions, the North Carolina Community College System, and The University of North Carolina may offer State employees the opportunity to use or to cash in special bonus leave benefits that have accrued pursuant to Section 28.3A of S.L. 2002-126, Section 30.12B(a) of S.L. 2003-284, Section 29.14A of S.L. 2005-276, and Section 35.10A of S.L. 2014-100, but only if all of the following requirements are met:

(1) Employee participation in the program must be voluntary.

(2) Special leave that is liquidated for cash payment to an employee must be valued at the amount based on the employee's current annual salary rate.

(3) By September 1, 2024, a report on the position characteristics of employees participating in the program shall be submitted to the respective agency head or employing agency and to the Fiscal Research Division.

USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED INCREASES

SECTION 39.25.(a) The Office of State Budget and Management shall ensure that the appropriations made by this act for legislatively mandated salary increases and employee benefits are used only for those purposes.

SECTION 39.25.(b) If the Director of the Budget determines that funds appropriated to a State agency for legislatively mandated salary increases and employee benefits exceed the amount required by that agency for those purposes, the Director may reallocate those funds to

other State agencies that received insufficient funds for legislatively mandated salary increases and employee benefits.

SECTION 39.25.(c) Funds appropriated for legislatively mandated salary and employee benefit increases may not be used to adjust the budgeted salaries of vacant positions, to provide salary increases in excess of those required by the General Assembly, or to increase the budgeted salary of filled positions to the minimum of the position's respective salary range.

SECTION 39.25.(d) Any funds appropriated for legislatively mandated salary and employee benefit increases in excess of the amounts required to implement the increases shall be credited to the Pay Plan Reserve.

SECTION 39.25.(e) No later than May 1, 2024, for the 2023-2024 fiscal year, and subsequently May 1, 2025, for the 2024-2025 fiscal year, the Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the expenditure of funds for legislatively mandated salary increases and employee benefits. This report shall include at least the following information for each State agency for each year of the 2023-2025 fiscal biennium:

(1) The total amount of funds that the agency received for legislatively mandated salary increases and employee benefits.

(2) The total amount of funds transferred from the agency to other State agencies pursuant to subsection (b) of this section. This section of the report shall identify the amounts transferred to each recipient State agency.

(3) The total amount of funds used by the agency for legislatively mandated salary increases and employee benefits.

(4) The amount of funds credited to the Pay Plan Reserve.

SALARY-RELATED CONTRIBUTIONS

SECTION 39.26.(a) Effective for the 2023-2025 fiscal biennium, required employer salary-related contributions for employees whose salaries are paid from department, office, institution, or agency receipts shall be paid from the same source as the source of the employee's salary. If an employee's salary is paid in part from the General Fund or Highway Fund and in part from department, office, institution, or agency receipts, required employer salary-related contributions may be paid from the General Fund or Highway Fund only to the extent of the proportionate part paid from the General Fund or Highway Fund in support of the salary of the employee, and the remainder of the employer's requirements shall be paid from the source that supplies the remainder of the employee's salary. The requirements of this section as to source of payment are also applicable to payments on behalf of the employee for hospital medical benefits, longevity pay, unemployment compensation, accumulated leave, workers' compensation, severance pay, separation allowances, and applicable disability income benefits.

SECTION 39.26.(b) Effective July 1, 2023, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2023-2024 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth below:

	Teachers and State Employees	**State LEOs**	**ORPs**	**CJRS**	**LRS**
Retirement	16.44%	16.44%	6.84%	32.88%	18.61%
Disability	0.11%	0.11%	0.11%	0.00%	0.00%
Death	0.13%	0.13%	0.00%	0.00%	0.00%
Retiree Health	7.26%	7.26%	7.26%	7.26%	7.26%
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%

Total Contribution Rate	23.94%	28.94%	14.21%	40.14%	25.87%

The rate for teachers and State employees and State law enforcement officers includes one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

SECTION 39.26.(c) Effective July 1, 2024, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2024-2025 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth below:

	Teachers and State Employees	**State LEOs**	**ORPs**	**CJRS**	**LRS**
Retirement	16.79%	16.79%	6.84%	37.00%	22.00%
Disability	0.13%	0.13%	0.13%	0.00%	0.00%
Death	0.13%	0.13%	0.00%	0.00%	0.00%
Retiree Health	7.41%	7.41%	7.41%	7.41%	7.41%
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
Total Contribution Rate	24.46%	29.46%	14.38%	44.41%	29.41%

The rate for teachers and State employees and State law enforcement officers includes one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

SECTION 39.26.(d) Effective July 1, 2023, the maximum annual employer contributions for the 2023-2024 fiscal year, payable monthly, by the State to the North Carolina State Health Plan for Teachers and State Employees for each covered employee and retiree are as follows:

(1) For employees, seven thousand six hundred fifty-four dollars ($7,654).

(2) For retirees, five thousand six hundred sixteen dollars ($5,616).

SECTION 39.26.(e) Effective July 1, 2024, the maximum annual employer contributions for the 2024-2025 fiscal year, payable monthly, by the State to the North Carolina State Health Plan for Teachers and State Employees for each covered employee and retiree are as follows:

(1) For employees, eight thousand four hundred ninety-three dollars ($8,493).

(2) For retirees, five thousand seven hundred twenty-eight dollars ($5,728).

1% COST-OF-LIVING ADJUSTMENT FOR RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM

SECTION 39.27.(a) G.S. 135-5 is amended by adding two new subsections to read:

"(zzz) From and after July 1, 2023, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2022, shall be increased by one percent (1%) of the allowance payable on June 1, 2023, in accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2023, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2022, but before June 30, 2023, shall be increased by a prorated amount of one percent (1%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2022, and June 30, 2023.

(aaaa) From and after July 1, 2024, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2023, shall be increased by one percent (1%)

of the allowance payable on June 1, 2024, in accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2024, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2023, but before June 30, 2024, shall be increased by a prorated amount of one percent (1%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2023, and June 30, 2024."

SECTION 39.27.(b) G.S. 135-65 is amended by adding two new subsections to read:

"(kk) From and after July 1, 2023, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2022, shall be increased by one percent (1%) of the allowance payable on June 1, 2023. Furthermore, from and after July 1, 2023, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2022, but before June 30, 2023, shall be increased by a prorated amount of one percent (1%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2022, and June 30, 2023.

(*ll*) From and after July 1, 2024, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2023, shall be increased by one percent (1%) of the allowance payable on June 1, 2024. Furthermore, from and after July 1, 2024, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2023, but before June 30, 2024, shall be increased by a prorated amount of one percent (1%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2023, and June 30, 2024."

SECTION 39.27.(c) G.S. 120-4.22A is amended by adding two new subsections to read:

"(ee) In accordance with subsection (a) of this section, from and after July 1, 2023, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before January 1, 2023, shall be increased by one percent (1%) of the allowance payable on June 1, 2023. Furthermore, from and after July 1, 2023, the retirement allowance to or on account of beneficiaries whose retirement commenced after January 1, 2023, but before June 30, 2023, shall be increased by a prorated amount of one percent (1%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between January 1, 2023, and June 30, 2023.

(ff) In accordance with subsection (a) of this section, from and after July 1, 2024, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before January 1, 2024, shall be increased by one percent (1%) of the allowance payable on June 1, 2024. Furthermore, from and after July 1, 2024, the retirement allowance to or on account of beneficiaries whose retirement commenced after January 1, 2024, but before June 30, 2024, shall be increased by a prorated amount of one percent (1%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between January 1, 2024, and June 30, 2024."

UNFUNDED LIABILITY SOLVENCY RESERVE

SECTION 39.28.(a) G.S. 143C-4-10 reads as rewritten:

"**§ 143C-4-10. Unfunded Liability Solvency Reserve.**

…

~~(e) Use of Funds Appropriated by the General Assembly or Transferred From the General Fund Based on Estimated State Tax Revenue Growth. On the first day of each fiscal year, the total amount of funds (i) appropriated by the General Assembly to the Reserve as specified in subdivision (c)(1) of this section and (ii) transferred into the Reserve under G.S. 143C-4-2(i) or (j) as specified in subdivision (c)(1a) of this section, as of the last day of the preceding fiscal year shall be used to appropriate an additional employer contribution to the Health Benefit Trust and the Retirement System.~~

(e1) Use of Funds Transferred ~~From Savings Achieved by State Debt Refinancing.~~ into the Reserve. – As soon as practicable after funds are transferred into the ~~Reserve under G.S. 142-15.4 and G.S. 142-96, as specified in subdivision (c)(2) of this section,~~ Reserve, the State Controller, in conjunction with the State Treasurer, shall transfer the total amount of these funds to the Health Benefit ~~Fund and the Retirement System. These funds shall be divided between the Health Benefit Fund and the Retirement System according to each program's proportion of the State's total unfunded liability of both programs as reported in the most recent Annual Comprehensive Financial Report issued by the State Controller.~~Fund.

~~(e2) Use of Funds Transferred From Insurance Rebates. As soon as practicable after funds are transferred into the Reserve as specified in subdivision (c)(3) of this section, the State Controller, in conjunction with the State Treasurer, shall transfer the total amount of these funds to the Health Benefit Fund and the Retirement System. These funds shall be divided between the Health Benefit Fund and the Retirement System according to each program's proportion of the State's total unfunded liability of both programs as reported in the most recent Annual Comprehensive Financial Report issued by the State Controller.~~

…."

SECTION 39.28.(b) This section is effective when it becomes law and applies to fiscal years beginning on or after July 1, 2023.

AUTHORIZE STATE TREASURER TO PAY PREMIUMS TO PURCHASE ALTERNATIVE COVERAGE IN LIEU OF STATE HEALTH PLAN

SECTION 39.29.(a) G.S. 135-48.30(a) is amended by adding a new subdivision to read:

"(19) Optionally offer to pay premiums to purchase alternative coverage in lieu of coverage under the Plan under G.S. 135-48.39A."

SECTION 39.29.(b) Part 3 of Article 3B of Chapter 135 of the General Statutes is amended by adding a new section to read:

"**§ 135-48.39A. Premiums to purchase alternative coverage for retirees in lieu of coverage under the Plan.**

(a) The State Treasurer may offer to pay or reimburse premiums for alternative health benefit plan coverage in lieu of coverage under the State Health Plan. If the State Treasurer elects to offer premium payments in lieu of coverage, then the State Treasurer shall adopt rules for and limitations on doing so.

(b) Premium payments in lieu of coverage shall be limited to persons eligible for coverage under the following, and the State Treasurer may vary the amounts of premium payments depending on the category of eligibility:

(1) G.S. 135-48.40(a)(1).
(2) G.S. 135-48.40(a)(2).
(3) G.S. 135-48.40(b)(3).
(4) G.S. 135-48.40(b)(4).
(5) G.S. 135-48.40(c)(2).

(c) Notwithstanding the eligibility for coverage provided in Part 4 of this Article, coverage outside of the Plan shall be in lieu of coverage under the Plan during the period for which the Plan member chooses premium payments in lieu of coverage."

SECTION 39.29.(c) This section becomes effective January 1, 2024.

PART XL. CAPITAL

CAPITAL IMPROVEMENT & REPAIRS AND RENOVATIONS APPROPRIATIONS

SECTION 40.1.(a) The following agency capital improvement projects have been assigned a project code for reference to allocations in this Part, past allocations, and for intended project support by the General Assembly for future fiscal years:

Agency Capital Improvement Project	Project Code
Department of Agriculture and Consumer Services	
Tidewater Research Station–Swine Unit Replacements	DACS21-2
NCFS–Region 1 Headquarters	DACS21-4
Troxler Science Building–Overflow Parking	DACS23-1
Western NC Farmers Market	DACS23-2
Raleigh State Farmers Market–Improvements	DACS23-3
Pesticide Storage, Loading, & Cleaning Facilities	DACS23-4
Cherry Research Station–Administrative Office	DACS23-5
Griffith Forest Center–Central Warehouse & Office	DACS23-6
D-6 HQ (Cumberland Co.)–Maintenance Shop Replacement	DACS23-7
Research Stations–New Maintenance Shop Facilities	DACS23-8
Piedmont Research Station–Bridge	DACS23-9
Research Stations–Multipurpose Facilities	DACS23-10
NCFS–New County Offices, Region 3	DACS23-11
Tuttle Educational State Forest–Office & Education Center	DACS23-12
D-12–New Headquarters & Shop	DACS23-13
Department of Environmental Quality	
Reedy Creek Laboratory	DEQ21-1
Department of Natural and Cultural Resources	
Fort Fisher Aquarium–Aquarium Expansion	DNCR21-5
NC Museum of History–Expansion	DNCR21-13
Zoo–New Aviary	DNCR23-1
NC Museum of Art at Winston-Salem/SECCA	DNCR23-2
Hanging Rock State Park–Vade Mecum	DNCR23-3
Stone Mountain State Park–Parking Lot	DNCR23-4
North Carolina Maritime Museum at Beaufort	DNCR23-5
Department of Administration	
State Government Executive Headquarters	DOA22-1
Department of Instruction Building Renovation	DOA22-3
Service Campus	DOA23-1
State Agency Lease	DOA23-2
Department of Insurance	
Office of State Fire Marshal	
Training Facility	DOI23-1
Albemarle Building Facility Improvements	DOI23-2
Department of Public Safety	
New Youth Detention Center	DPS23-1
State Highway Patrol–	
Viper Building	DPS21-6
Training Center Cadet Dorm & Training Bldg.	DPS23-2
Auditorium	DPS23-3
Training Academy Facilities Enhancement–Phases 3-6	DPS23-4

State Bureau of Investigation–	
Headquarters & Building 12 Renovation	DPS21-9
National Guard	
NCNG Matching Fund	NG23-1
Ballentine Building/NCNG Museum	NG23-2
Constable Building	NG23-3
Rocky Mount Complex/MILCON	NG23-4
Special Forces Complex	NG23-5
Winston Salem Storage Buildings	NG23-6
General Assembly	
Education Campus Project	NCGA21-3
Education Campus Parking Deck	NCGA23-1
Education Campus Site Demolition	NCGA23-2
The University of North Carolina	
Appalachian State University–	
Hickory Campus	UNC/ASU22-1
Walker Hall–Interior Renovation	UNC/ASU23-1
University of North Carolina at Chapel Hill–	
Nursing School Renovation	UNC/CH20-2
School of Law	UNC/CH22-1
Gardner Hall–Comprehensive Renovation	UNC/CH23-1
University of North Carolina at Charlotte–	
Smith Hall–Comprehensive Renovation	UNC/CLT23-1
Colvard Hall–Comprehensive Renovation	UNC/CLT23-2
Esports	UNC/CLT23-3
University of North Carolina at Greensboro–	
Moore Building–Renovation	UNC/GBO23-1
Elizabeth City State University–	
Sky Bridge	UNC/ECS21-2
Flight School	UNC/ECS21-4
Infrastructure Repairs–Phase 3	UNC/ECS23-1
Jenkins Hall/Dixon Hall–Labs/Classroom/Bldg. Renovation	UNC/ECS23-2
East Carolina University–	
Brody School of Medicine	UNC/ECU21-1
Howell Science Building North–Comprehensive Renovation	UNC/ECU23-1
Leo Jenkins Building/Health Sciences–Comprehensive Renovation	UNC/ECU23-2
Medical Examiner	UNC/ECU23-3
Fayetteville State University–	
College of Education	UNC/FSU21-2
Parking Deck	UNC/FSU21-3
Butler Targeted Renovation	UNC/FSU23-1
H.L. Cook Building–Renovation & Addition	UNC/FSU23-2
North Carolina Agricultural & Technical State University–	
Marteena Hall–Renovation, Phase 2	UNC/A&T23-1
Health and Human Sciences Bldg.	UNC/A&T23-2
North Carolina Central University–	
Dent Building–Comprehensive Renovation	UNC/NCC23-1
Edmonds Classroom Building–Comprehensive Renovation	UNC/NCC23-2
University Theater Renovation	UNC/NCC23-3

North Carolina State University–	
S.T.E.M. Building	UNC/NCS20-1
Mann Hall–Renovation, Phase 2	UNC/NCS23-1
Dabney Hall–Renovation, Phase 2	UNC/NCS23-2
Polk Hall–Renovation, Phase 2	UNC/NCS23-3
Veterinary School–Large Animal Hospital	UNC/NCS23-4
Engineering Classroom Building	UNC/NCS23-5
North Carolina School of Science and Math–	
Morganton Campus	
Wellness Center	UNC/SSM23-1
Durham Campus	
Residence Hall/Hill/Reynolds/Royal–Renovation, Phase 1	UNC/SSM23-2
Residence Hall/Beall/Bryan–Renovation, Phase 1	UNC/SSM23-3
Academic Commons Addition	UNC/SSM23-4
University of North Carolina at Asheville–	
Lipinsky Hall–Comp. Modernization/Addition	UNC/AVL23-1
University of North Carolina at Pembroke–	
Health Sciences Center	UNC/PEM21-1
Givens Performing Arts Center–Renovation	UNC/PEM23-1
University of North Carolina at Wilmington–	
Cameron Hall–Comprehensive Renovation/Expansion	UNC/WIL23-1
Kenan Auditorium–Comprehensive Renovation/Expansion	UNC/WIL23-2
DeLoach Hall–Modernization	UNC/WIL23-3
University of North Carolina School of the Arts–	
Stevens Center–Renovation, Phase 2	UNC/SA23-1
New High School Residence Hall	UNC/SA23-2
Western Carolina University–	
Replacement Engineering Building	UNC/WCU23-1
Winston-Salem State University–	
K.R. Williams Auditorium	UNC/WSS21-1
Eller Hall–Renovation & Elevator Addition	UNC/WSS23-1
Pegram Hall–Renovation & Elevator Addition	UNC/WSS23-2
UNC Board of Governors–	
UNC Lease Funds	UNC/BOG21-1
Athletic Grant Program	UNC/BOG23-1
Repairs and Renovations-The University of North Carolina	UNC/R&R21
Repairs and Renovations-State Agencies (non-UNC)	R&R21
SCIF-Related Personnel	PERS21
OSBM Flexibility Funds	FLEX21
Community College Capital Allocations	CC21
Debt Payoff	DST23-1
Wildlife Resources Commission–Hatchery/State Match	WRC23-1

SECTION 40.1.(b) This subsection authorizes the following capital projects in the 2023-2025 fiscal biennium based upon projected cash flow needs for the authorized projects. The authorizations provided in this subsection represent the maximum amount of funding from the State Capital and Infrastructure Fund that may be expended on each project. An additional action by the General Assembly is required to increase the maximum authorization for any of the projects listed:

Capital Improvements–

State Capital and Infrastructure Fund	Previous Project Authorization	New/Updated Project Authorization
DACS21-2	$3,518,000	$7,018,000
DACS21-4	4,000,000	8,850,000
DACS23-1	N/A	2,500,000
DACS23-2	N/A	200,000
DACS23-3	N/A	5,000,000
DACS23-4	N/A	1,750,000
DACS23-5	N/A	749,000
DACS23-6	N/A	750,000
DACS23-7	N/A	4,000,000
DACS23-8	N/A	5,000,000
DACS23-9	N/A	750,000
DACS23-10	N/A	6,200,000
DACS23-11	N/A	3,000,000
DACS23-12	N/A	4,000,000
DACS23-13	N/A	5,000,000
DEQ21-1	55,000,000	68,300,000
DNCR21-5	15,000,000	45,000,000
DNCR21-13	60,000,000	240,000,000
DNCR23-1	N/A	60,000,000
DNCR23-2	N/A	15,000,000
DNCR23-3	N/A	5,000,000
DNCR23-4	N/A	620,000
DNCR23-5	N/A	10,000,000
DOA22-1	88,000,000	220,000,000
DOA22-3	15,000,000	60,000,000
DOA23-1	N/A	33,744,000
DOI23-1	N/A	55,000,000
DOI23-2	N/A	5,000,000
DPS21-6	7,139,374	10,634,998
DPS23-1	N/A	10,600,000
DPS23-2	N/A	43,336,785
DPS23-3	N/A	34,000,000
DPS23-4	N/A	194,517,803
NG23-2	N/A	12,500,000
NG23-3	N/A	17,000,000
NG23-4	N/A	8,500,000
NG23-5	N/A	8,000,000
NG23-6	N/A	550,000
NCGA21-3	269,000,000	320,000,000
NCGA23-1	N/A	65,000,000
NCGA23-2	N/A	10,000,000
UNC/ASU22-1	9,000,000	50,000,000
UNC/ASU23-1	N/A	18,000,000
UNC/CH20-2	65,200,000	87,900,000
UNC/CH22-1	2,000,000	160,000,000
UNC/CLT23-1	N/A	36,000,000
UNC/CLT23-2	N/A	45,000,000
UNC/CLT23-3	N/A	1,500,000
UNC/ECS21-4	34,000,000	54,000,000

UNC/ECS23-1	N/A	20,000,000
UNC/ECS23-2	N/A	12,500,000
UNC/ECU23-1	N/A	46,000,000
UNC/ECU23-2	N/A	18,900,000
UNC/ECU23-3	N/A	35,000,000
UNC/FSU23-1	N/A	20,750,000
UNC/FSU23-2	N/A	10,000,000
UNC/GBO23-1	N/A	24,200,000
UNC/A&T23-1	N/A	9,700,000
UNC/A&T23-2	N/A	125,000,000
UNC/NCC23-1	N/A	12,073,798
UNC/NCC23-2	N/A	12,999,424
UNC/NCC23-3	N/A	8,500,000
UNC/NCS23-1	N/A	30,000,000
UNC/NCS23-2	N/A	80,000,000
UNC/NCS23-3	N/A	63,000,000
UNC/NCS23-4	N/A	70,000,000
UNC/NCS23-5	N/A	200,000,000
UNC/SSM23-1	N/A	12,000,000
UNC/SSM23-2	N/A	9,250,000
UNC/SSM23-3	N/A	7,000,000
UNC/SSM23-4	N/A	10,000,000
UNC/AVL23-1	N/A	26,150,000
UNC/PEM23-1	N/A	61,000,000
UNC/SA23-1	N/A	51,000,000
UNC/SA23-2	N/A	24,500,000
UNC/WIL23-1	N/A	44,500,000
UNC/WIL23-2	N/A	24,000,000
UNC/WIL23-3	N/A	12,150,000
UNC/WCU23-1	N/A	95,300,000
UNC/WSS23-1	N/A	10,800,000
UNC/WSS23-2	N/A	16,000,000
UNC/BOG23-1	N/A	10,000,000
CC21	400,000,000	600,000,000
FLEX21	100,000,000	175,000,000
WRC/23-1	N/A	39,700,000

SECTION 40.1.(c) The Board of Governors of The University of North Carolina shall prioritize funds allocated for project code UNC/R&R21 for repairs and renovations pursuant to G.S. 143C-8-13 and, notwithstanding G.S. 143C-8-13(a), for projects listed in Section 40.1(d) of S.L. 2021-180. The cost for any single repair and renovation project other than those specifically listed in Section 40.1(d) of S.L. 2021-180 shall not exceed fifteen million dollars ($15,000,000). The Board of Governors may reallocate funds in accordance with G.S. 143C-8-13(b) or to projects listed in Section 40.1(d) of S.L. 2021-180; provided, however, reallocation of funds intended for a project located at a particular constituent institution may only be reallocated for repairs and renovations projects at that particular constituent institution. The provisions of G.S. 143C-8-13(b)(4) shall not apply to the projects listed in Section 40.1(d) of S.L. 2021-180. The Board of Governors shall report to the Joint Legislative Commission on Governmental Operations in accordance with G.S. 143C-8-13(b).

SECTION 40.1.(d) For project code R&R21, the provisions of Section 40.1(c) of S.L. 2021-180 shall apply to funds allocated for the project code during the 2023-2025 fiscal biennium.

SECTION 40.1.(e) For project code UNC/NCS23-4, notwithstanding G.S. 143C-4-5, North Carolina State University is authorized to spend up to one hundred twenty million dollars ($120,000,000) on the project, but shall commit to providing funding of at least fifty million dollars ($50,000,000) from non-State sources on or before December 31, 2024, as a match for the intended State allocations totaling seventy million dollars ($70,000,000) for the project. Upon verification by the Office of State Budget and Management that North Carolina State University has deposited at least twenty-five million dollars ($25,000,000) into an account dedicated for the project, the University may begin the letting of construction and design contracts and begin construction. It is the intent of the General Assembly to appropriate funds from the State Capital and Infrastructure Fund for this project beginning in the 2025-2026 fiscal year.

SECTION 40.1.(g) For project code UNC/WIL23-1, notwithstanding G.S. 143C-4-5, the University of North Carolina at Wilmington is authorized to spend up to forty-four million five hundred thousand dollars ($44,500,000) on the project, but shall commit to providing funding of at least four million four hundred fifty thousand dollars ($4,450,000) from non-State sources on or before December 31, 2025, as a match for the intended State allocations totaling forty million fifty thousand dollars ($40,050,000) for the project.

SECTION 40.1.(h) For project code UNC/WIL23-2, notwithstanding G.S. 143C-4-5, the University of North Carolina at Wilmington is authorized to spend up to twenty-four million dollars ($24,000,000) on the project, but shall commit to providing funding of at least two million four hundred thousand dollars ($2,400,000) from non-State sources on or before December 31, 2025, as a match for the intended State allocations totaling twenty-one million six hundred thousand dollars ($21,600,000) for the project.

SECTION 40.1.(i) There is established in the General Fund an Additional Project Reserve that shall make funds available for capital improvement project expenditures only upon an act of appropriation by the General Assembly. The State Controller shall reserve to the Additional Project Reserve from funds available in the State Capital and Infrastructure Fund the sum of five hundred million dollars ($500,000,000) in nonrecurring funds for the 2023-2024 fiscal year. Funds reserved in the Additional Project Reserve pursuant to this subsection do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

SECTION 40.1.(j) For project code DST23-1, the Department of State Treasurer may use funds allocated for the project code to redeem bonds that have debt service paid from the State Capital and Infrastructure Fund if the cost of redeeming those bonds is less than the estimated market value the bonds would have if not redeemed.

SECTION 40.1.(k) For project code BOG23-1, the Board of Governors of The University of North Carolina shall allocate funds, in an amount to be determined by the Board of Governors, to the athletic department for each of the following constituent institutions upon submission of a plan to utilize the funds for capital improvements to intercollegiate athletic facilities:

(1) Elizabeth City State University.
(2) Fayetteville State University.
(3) North Carolina Agricultural and Technical State University.
(4) North Carolina Central University.
(5) The University of North Carolina at Asheville.
(6) The University of North Carolina at Greensboro.
(7) The University of North Carolina at Pembroke.
(8) The University of North Carolina at Wilmington.
(9) Western Carolina University.
(10) Winston-Salem State University.

SECTION 40.1.(*l*) For project code WRC23-1, the Wildlife Resources Commission is authorized to spend up to thirty-nine million seven hundred thousand dollars ($39,700,000) on the project, but shall commit to providing funding of at least nineteen million seven hundred thousand dollars ($19,700,000) in non-State funds from the Commission's endowment as a match to the intended State allocations totaling twenty million dollars ($20,000,000) for the project. The Commission shall use the endowment funds described in this subsection on the project prior to expending any State funds.

SIX-YEAR INTENDED PROJECT ALLOCATION SCHEDULE

SECTION 40.2. It is the intent of the General Assembly to fund capital improvement projects on a cash flow basis and to plan for future project funding based upon projected availability in the State Capital and Infrastructure Fund. Nothing in this section shall be construed (i) to appropriate funds or (ii) as an obligation by the General Assembly to appropriate funds for the projects listed in future years. The following schedule lists capital improvement projects that will begin or be completed in fiscal years outside of the 2023-2025 fiscal biennium and estimated amounts (in thousands) needed for completion of those projects:

Project Code	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28	FY28-29
PERS21	3,000	3,000	3,000	3,000	3,000	3,000
UNC/R&R21	280,503	250,000	175,000	175,000	175,000	175,000
R&R21	200,000	200,000	200,000	200,000	200,000	200,000
CC21	150,000	150,000	50,000	50,000	N/A	N/A
WRC23-1	8,000	6,000	6,000	N/A	N/A	N/A
DACS21-2	N/A	2,000	1,500	N/A	N/A	N/A
DACS21-4	1,500	1,850	1,500	N/A	N/A	N/A
DACS23-7	N/A	N/A	4,000	N/A	N/A	N/A
DACS23-8	N/A	N/A	2,000	1,000	1,000	1,000
DACS23-9	N/A	N/A	750	N/A	N/A	N/A
DACS23-10	N/A	N/A	2,000	2,000	2,200	N/A
DACS23-11	N/A	N/A	N/A	1,500	1,500	N/A
DACS23-12	N/A	N/A	N/A	4,000	N/A	N/A
DACS23-13	N/A	N/A	N/A	5,000	N/A	N/A
DEQ21-1	3,325	28,650	17,075	N/A	N/A	N/A
DNCR21-5	3,000	7,500	12,000	7,500	N/A	N/A
DNCR21-13	45,000	54,250	86,800	30,950	N/A	N/A
DNCR23-1	N/A	N/A	3,000	3,000	30,000	24,000
DOA22-1	N/A	N/A	N/A	N/A	77,000	55,000
DOA22-3	N/A	21,000	N/A	24,000	N/A	N/A
DOA23-1	N/A	N/A	N/A	1,500	20,244	12,000
DOA23-2	3,750	3,750	3,750	3,750	N/A	N/A
DOI23-1	5,500	13,750	22,000	13,750	N/A	N/A
DPS21-6	N/A	836.88	2,658.75	N/A	N/A	N/A
DPS21-9	3,268	30,000	19,793.24	N/A	N/A	N/A
DPS23-1	N/A	N/A	N/A	600	10,000	N/A
DPS23-2	2,000	4,333.68	10,834.2	17,334.7	8,834.2	N/A
DPS23-3	N/A	3,400	8,500	13,600	8,500	N/A
DPS23-4	N/A	N/A	N/A	N/A	N/A	19,451.78
NG23-1	4,000	6,000	6,000	3,500	5,000	5,000
NG23-2	1,500	6,000	5,000	N/A	N/A	N/A
NG23-3	850	850	7,650	7,650	N/A	N/A

1	NG23-4	N/A	2,000	6,500	N/A	N/A	N/A
2	NG23-5	N/A	N/A	800	4,000	3,200	N/A
3	NCGA21-3	N/A	N/A	65,250	74,750	N/A	N/A
4	NCGA23-1	6,500	16,250	26,000	16,250	N/A	N/A
5	UNC/BOG21-1	3,750	3,750	3,750	N/A	N/A	N/A
6	UNC/ASU22-1	N/A	4,100	12,300	14,350	10,250	N/A
7	UNC/ASU23-1	N/A	N/A	N/A	N/A	1,800	6,300
8	UNC/CH20-2	N/A	15,756.95	17,693.05	N/A	N/A	N/A
9	UNC/CH22-1	N/A	15,800	39,500	42,450	47,800	12,450
10	UNC/CH23-1	N/A	N/A	N/A	N/A	2,500	10,000
11	UNC/CLT23-1	N/A	3,600	N/A	12,600	19,800	N/A
12	UNC/CLT23-2	N/A	N/A	N/A	N/A	4,500	N/A
13	UNC/ECU21-1	N/A	N/A	79,007.28	60,742.7	N/A	N/A
14	UNC/ECU23-1	N/A	N/A	N/A	4,600	13,800	16,100
15	UNC/ECU23-2	N/A	N/A	N/A	N/A	1,890	N/A
16	UNC/ECU23-3	8,750	17,500	8,750	N/A	N/A	N/A
17	UNC/NCS20-1	N/A	6,025.2	22,224.8	N/A	N/A	N/A
18	UNC/NCS23-1	N/A	3,000	27,000	N/A	N/A	N/A
19	UNC/NCS23-2	N/A	8,000	24,000	28,000	20,000	N/A
20	UNC/NCS23-3	N/A	6,300	18,900	22,050	15,750	N/A
21	UNC/NCS23-4	N/A	N/A	35,000	35,000	N/A	N/A
22	UNC/NCS23-5	N/A	N/A	N/A	20,000	60,000	60,000
23	UNC/PEM21-1	N/A	N/A	N/A	N/A	36,400	22,750
24	UNC/PEM23-1	N/A	6,100	24,400	30,500	N/A	N/A
25	UNC/ECS21-2	N/A	N/A	2,500	N/A	N/A	N/A
26	UNC/ECS21-4	N/A	30,827.27	9,172.7	N/A	N/A	N/A
27	UNC/ECS23-1	N/A	2,000	8,000	10,000	N/A	N/A
28	UNC/ECS23-2	N/A	N/A	N/A	N/A	1,250	N/A
29	UNC/FSU21-2	N/A	36,376.1	6,573.9	N/A	N/A	N/A
30	UNC/FSU23-1	N/A	N/A	N/A	N/A	2,075	N/A
31	UNC/FSU23-2	1,000	3,500	5,500	N/A	N/A	N/A
32	UNC/A&T23-1	970	3,395	5,335	N/A	N/A	N/A
33	UNC/A&T23-2	N/A	N/A	N/A	N/A	2,000	18,825
34	UNC/NCC23-1	1,207.4	N/A	4,829.5	6,036.9	N/A	N/A
35	UNC/NCC23-2	N/A	1,299.9	N/A	4,549.8	7,149.7	N/A
36	UNC/NCC23-3	N/A	N/A	N/A	N/A	850	N/A
37	UNC/SSM23-3	N/A	3,500	3,500	N/A	N/A	N/A
38	UNC/SSM23-4	N/A	N/A	N/A	N/A	1,000	N/A
39	UNC/AVL23-1	2,615	6,537.5	11,767.5	5,230	N/A	N/A
40	UNC/WSS21-1	N/A	N/A	N/A	N/A	22,800	14,250
41	UNC/WSS23-1	N/A	800	1,080	N/A	3,780	5,140
42	UNC/WSS23-2	N/A	800	1,600	N/A	5,600	8,000
43	UNC/GBO23-1	N/A	2,420	N/A	8,470	13,310	N/A
44	UNC/SA23-1	5,100	12,750	22,950	10,200	N/A	N/A
45	UNC/SA23-2	N/A	N/A	N/A	N/A	2,450	8,575
46	UNC/WIL23-1	N/A	N/A	N/A	N/A	4,005	10,012.5
47	UNC/WIL23-2	N/A	2,160	5,400	8,640	5,400	N/A
48	UNC/WIL23-3	N/A	1,215	4,860	6,075	N/A	N/A
49	UNC/WCU23-1	N/A	2,000	N/A	9,530	33,355	50,415
50							
51	**NATIONAL GUARD PROJECTS**						

SECTION 40.3.(a) From the funds allocated in this Part for Project Code NG23-1, the Office of State Budget and Management may disburse to the Department of Public Safety funds needed to provide a State match for federal funds for projects included in the latest Armory and Facilities Development Plan developed pursuant to G.S. 127A-210 and designated by the Adjutant General of the North Carolina National Guard in an amount not exceeding four million dollars ($4,000,000) during the 2023-2024 fiscal year and not exceeding six million dollars ($6,000,000) during the 2024-2025 fiscal year.

SECTION 40.3.(b) No later than June 1, 2025, and every two years thereafter until project completion, the Department shall report on the use of these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division of the General Assembly, and the Office of State Budget and Management. Each report shall include all of the following:

(1) The status of all projects undertaken pursuant to this section.
(2) The estimated total cost of each project.
(3) The date that work on each project began or is expected to begin.
(4) The date that work on each project was completed or is expected to be completed.
(5) The actual cost of each project, including federal matching funds.
(6) Facilities planned for closure or reversion.
(7) A list of projects advanced in schedule, those projects delayed in schedule, and an estimate of the amount of funds expected to revert to the General Fund.

NON-GENERAL FUND/NON-SCIF CAPITAL PROJECT AUTHORIZATIONS

SECTION 40.4.(a) The General Assembly authorizes the following capital projects to be funded with receipts or from other non-General Fund and non-State Capital and Infrastructure Fund sources available to the appropriate department:

Name of Project	**Amount of Non-General Fund/Non-SCIF Funding Authorized**	
	FY 2023-2024	**FY 2024-2025**
Department of Natural and Cultural Resources		
Brunswick Town State Historic Site–		
Historical Restorations	$150,000	$0
Department of Agriculture and Consumer Services		
Arena and Barn Replacement	1,900,000	0
State Fair Lunch Facility Renovation	25,500,000	0
State Fair Gate 8 Restroom Renovation	1,500,000	0
Equipment Shelters Replacement	0	300,000
Department of Public Safety		
Alcoholic Beverage Control–		
Warehouse Precast Repair	275,000	0
ABC New Campus–Advanced Planning	4,700,000	0
Department of Adult Correction		
Old Craggy Laundry Wastewater/Stormwater Repl.	742,000	0
Wildlife Resources Commission		
Land Acquisition	5,000,000	5,000,000
Game Land Improvements	2,000,000	0
Caswell Depot Expansion	2,460,000	0
Mills River Equipment Storage	355,000	0
Morganton Depot Equipment Storage	340,000	0
Rhems Depot Equipment Storage	415,000	0

Troy Depot Office/Shop & Storage	1,900,000	0
Shooting Range Office & Classroom Constr.	3,100,000	0
Mount Holly Depot	0	2,400,000
Marion Aquaculture Building	0	600,000
TOTAL AMOUNT OF NON-GENERAL FUND/NON-SCIF CAPITAL PROJECTS AUTHORIZED	**$50,337,000**	**$8,300,000**

SECTION 40.4.(b) From funds deposited with the State Treasurer in a capital improvement account to the credit of the Department of Agriculture and Consumer Services pursuant to G.S. 146-30, the sum of seventy-five thousand dollars ($75,000) for the 2023-2024 fiscal year and the sum of seventy-five thousand dollars ($75,000) for the 2024-2025 fiscal year shall be transferred to the Department of Agriculture and Consumer Services to be used, notwithstanding G.S. 146-30, by the Department for its plant conservation program under Article 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of land, such as land appraisals, land surveys, title searches, and environmental studies, and for the management of the plant conservation program preserves owned by the Department.

VARIOUS CAPITAL CHANGES

SECTION 40.5.(a) G.S. 143C-8-10 is repealed.

SECTION 40.5.(b) G.S. 143C-8-11 reads as rewritten:

"**§ 143C-8-11. Reversion of appropriation; lapse of project authorization; transfer of funds remaining after project completion.**

(a) Reversion of Appropriation. – A State agency shall begin the planning of or the construction of an authorized capital improvement project during the fiscal year in which the funds are appropriated. If it does not, the Director may credit the appropriation to the ~~Project Reserve Account,~~ State Capital and Infrastructure Fund, unless otherwise required by law. ~~If the Director does not credit the appropriation to the Project Reserve Account, the appropriation shall revert to the principal fund from which it was appropriated.~~ The Director may, for good cause, allow a State agency to take up to an additional 12 months to take the actions required by this subsection.

(b) Lapse of Project Authorization. – Authorizations for capital improvement projects shall lapse if any of the following occur: (i) the appropriation for a capital improvement project reverts, (ii) the construction of a project does not begin during the first two fiscal years in which funds are appropriated, or (iii) the Director redirects funds appropriated for a capital improvement project in accordance with G.S. 143C-6-2. The Director may, for good cause, allow a State agency to take up to an additional 12 months to begin construction of a project; however, if the Director approves an extension of time under this subsection and construction of the project has not begun by the end of the extension, the authorization for the project shall lapse.

(c) Funds Remaining After Project Completion. – The State Controller shall transfer any balance of State funds appropriated for a capital project that remains unspent and unencumbered two years after completion of the project in accordance with this section. If applicable law requires a particular disposition of the funds, then the transfer shall be made in accordance with that requirement. Otherwise, the ~~transfer shall be made in accordance with the following requirements:~~

~~(1) If the funds were initially allocated from the Reserve for Repairs and Renovations, then the funds shall be transferred to that Reserve.~~

~~(2) All other funds~~ balance shall be transferred to the ~~Project Reserve Account~~ State Capital and Infrastructure Fund created by ~~G.S. 143C-8-10.~~G.S. 143C-4-3.1."

SECTION 40.5.(c) G.S. 143C-4-3.1 reads as rewritten:

"**§ 143C-4-3.1. State Capital and Infrastructure Fund.**

…

(g) Unexpended Funds. – Funds appropriated for a project that are unspent and unencumbered upon completion of the project shall revert to the Fund. For the purposes of this subsection, a project includes any allocation from the Fund to a State agency or The University of North Carolina.

…."

SECTION 40.5.(d) Section 40.6(g)(3) of S.L. 2022-74 reads as rewritten:

"(3) Third, to be deposited into the ~~Downtown Government Complex Reserve, established in Section 2.2 of this act.~~State Capital and Infrastructure Fund."

SECTION 40.5.(e) Section 40.3(f) of S.L. 2021-180, as enacted by Section 18.2 of S.L. 2022-6, reads as rewritten:

"**SECTION 40.3.(f)** Notwithstanding any other provision of law to the contrary, there shall be no local match required for the North Topsail Beach Shoreline Protection – Phases 1–4 project referenced in ~~subsection (b)~~ subsection (c) of this section."

SECTION 40.5.(f) If House Bill 2, 2023 Regular Session, becomes law, then Section 9.3 of that act reads as rewritten:

"**SECTION 9.3.(a)** Subdivision (65) of Section 40.17(a) of S.L. 2021-180, as enacted by Section 40.2(a) of S.L. 2022-74, reads as rewritten:

"(65) The funds for Ball's Creek Camp Ground in the sum of three hundred thousand dollars ($300,000) for the 2021-2022 fiscal year shall instead be provided to Ball's Creek Campground History & Learning Center, Inc., a nonprofit corporation, to be used for repairs and renovations to Ball's Creek Camp Ground."

"**SECTION 9.3.(b)** Section 40.2 of S.L. 2022-74 is amended by adding a new subsection to read:

""**SECTION 40.2.(h)** Notwithstanding any provision of law or the Committee Report referenced in Section 43.2 of this act to the contrary, the allocation of two hundred thousand dollars ($200,000) from the State Capital and Infrastructure Fund to Ball's Creek Campground for capital improvements or equipment shall instead be provided to Ball's Creek Campground History & Learning Center, Inc., a nonprofit corporation, for capital improvements or equipment.""

SECTION 40.5.(g) Part 24 of S.L. 2022-74 is amended by adding a new section to read:

"**REPEAL GRANT ALLOCATION**

"**SECTION 24.5.** Notwithstanding any provision of law or the Committee Report referenced in Section 43.2 of this act to the contrary, the directed grant in the amount of fifty thousand dollars ($50,000) in nonrecurring funds for the 2022-2023 fiscal year shall not be provided to Ace Speedway Racing, Ltd., and the funds shall revert."

SECTION 40.6.(h) The State Controller shall transfer all funds remaining in the Government Complex Reserve established in Section 2.2(r) of S.L. 2022-74 to the State Capital and Infrastructure Fund.

SECTION 40.6.(i) Section 2.2(r) of S.L. 2022-74 is repealed.

PART XLI. TRANSPORTATION

CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND

SECTION 41.1.(a) Subsections (b) and (c) of Section 41.1 of S.L. 2022-74 are repealed.

SECTION 41.1.(b) The General Assembly authorizes and certifies anticipated revenues for the Highway Fund as follows:

For Fiscal Year 2025-2026	$3,170.2 million
For Fiscal Year 2026-2027	$3,216.9 million
For Fiscal Year 2027-2028	$3,265.1 million
For Fiscal Year 2028-2029	$3,382.0 million
For Fiscal Year 2029-2030	$3,436.4 million

SECTION 41.1.(c) The General Assembly authorizes and certifies anticipated revenues for the Highway Trust Fund as follows:

For Fiscal Year 2025-2026	$2,487.2 million
For Fiscal Year 2026-2027	$2,514.8 million
For Fiscal Year 2027-2028	$2,652.8 million
For Fiscal Year 2028-2029	$2,728.1 million
For Fiscal Year 2029-2030	$2,771.7 million

SECTION 41.1.(d) The Department of Transportation, in collaboration with the Office of State Budget and Management, shall develop a five-year revenue forecast. The five-year revenue forecast developed under this subsection shall be used (i) to develop the five-year cash flow estimates included in the biennial budgets, (ii) to develop the Strategic Transportation Improvement Program, and (iii) by the Department of the State Treasurer to compute transportation debt capacity.

CONTINGENCY FUNDS

SECTION 41.2.(a) The funds appropriated in this act to the Department of Transportation, Construction – Contingency Fund Code for the 2023-2024 fiscal year shall be allocated statewide for rural or small urban highway improvements and related transportation enhancements to public roads and public facilities, industrial access roads, railroad infrastructure, and spot safety projects, including pedestrian walkways that enhance highway safety. Projects funded pursuant to this subsection require prior approval by the Secretary of Transportation. Funds allocated under this subsection shall not revert at the end of the applicable fiscal year but shall remain available until expended. The use of funds that do not revert under this subsection is not restricted to the fiscal year in which the funds were allocated.

SECTION 41.2.(b) The Department of Transportation shall report to the members of the General Assembly on projects funded pursuant to subsection (a) of this section in each member's district prior to construction. The Department shall make a quarterly comprehensive report on the use of these funds to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division.

CAPITAL, REPAIRS, AND RENOVATIONS

SECTION 41.3. For the 2023-2025 fiscal biennium, the funds appropriated in this act from the Highway Fund to the Department of Transportation for capital, repairs, and renovations shall be used as follows:

Item	FY 2023-24	FY 2024-25
Avery Maintenance Engineer Office	2,628,000	
Cherry Branch Shore Power	2,104,000	
Clay Maintenance Engineer Office and Equipment Shop	261,354	
Columbus DMV Office/Troop B District V Headquarters	3,500,000	
Hyde Maintenance Office and Equipment Shop	2,485,045	
Iredell Maintenance Engineer		

and Bridge Maintenance Office	1,628,865	
New Hanover DMV Office/Troop B District VI Headquarters	4,100,000	
Replace Rooftop HVAC Units – Century Center	449,500	200,000
Rowan District Engineer Office	627,426	
Statewide Americans with Disabilities Act Compliance	1,000,000	1,000,000
Statewide Asbestos Abatement	462,000	504,000
Statewide Roof Repair	7,027,638	7,623,363
Statewide Office Repairs and Renovations	1,244,500	1,244,500
Surry District Engineer Office	1,231,450	
Watauga District Engineer Office	1,070,041	
Total	**$29,819,819**	**$10,571,863**

STRATEGIC CORRIDORS

SECTION 41.4.(a) The Department of Transportation shall study and develop a schedule for implementing a strategic corridor plan through the State Transportation Improvement Program. The study shall include all of the following corridors:

(1) Future I-87 Corridor from Williamston to the Virginia state line.
(2) Future I-74 Corridor from Richmond County to the South Carolina state line in Brunswick County, including the Carolina Bays Parkway Extension.
(3) Proposed Future Interstate/US 74 from I-26 in Polk County to I-85 in Gaston County.
(4) Future I-785/US 29 from I-85 in Greensboro to Virginia state line.
(5) Proposed Future Interstate/US 74 from Wingate to Rockingham.
(6) Future I-685 from I-85 in Guilford to I-95.
(7) Future I-42/US 70 from Wake County to Port of Morehead City.

SECTION 41.4.(b) On or before March 1, 2024, the Department shall submit a written report with its findings, including a comprehensive schedule for the corridors, current phase of each project, types of facilities for the project, proposed schedule and completion time line, estimated cost, total amount spent to date, and any recommendations for legislation, to the Joint Legislative Transportation Oversight Committee (JLTOC) and the Fiscal Research Division.

SECTION 41.4.(c) The North Carolina Department of Transportation is directed to work with the State's federal elected representatives, the U.S. Department of Transportation, the Federal Highway Administration (FHWA), and all relevant federal agencies to expedite an interstate designation of the US 74 Corridor from exit 10 in Gaston County through Cleveland County and Rutherford County to exit 67 in Polk County at I-26.

POWELL BILL FUNDS

SECTION 41.5. For the 2023-2025 fiscal biennium:

(1) The Department of Transportation shall not reduce the funds appropriated under this act to the State Aid – Powell Bill Fund for allocation under the Powell Bill (G.S. 136-41.1 through G.S. 136-41.4).
(2) Notwithstanding G.S. 136-41.1(a), eligible municipalities with a population of 400,000 or more shall receive the same amount of Powell Bill Program funds allocated for the 2020-2021 fiscal year. The remaining Powell Bill Program funds shall be allocated to municipalities with a population of less than 400,000 in accordance with the requirements of G.S. 136-41.1(a).

FACILITIES MAINTENANCE DIVISION POSITIONS

SECTION 41.6.(a) Of the funds appropriated in this act to the Department of Transportation, Facilities Maintenance Division (FMD), the Department shall create 14 full-time equivalent (FTE) Maintenance and Construction Tech III positions (FMD positions). The FMD positions shall be assigned to the 14 local highway division offices and integrated into the current FMD organizational structure set up for regional maintenance of the Division of Motor Vehicles offices. The FMD positions shall be responsible for building inspections, maintenance, repairs and support for State-owned buildings, and management of contracts necessary to complete tasks. Operational funds based on needs shall be allotted by the FMD main office for support of the local highway divisions and district. The FMD shall submit a report on the implementation status of this section by October 1, 2023, and May 1, 2024, to the House of Representatives Appropriations Committee on Transportation, Senate Appropriations Committee on the Department of Transportation, Joint Legislative Transportation Oversight Committee (JLTOC), and the Fiscal Research Division. The report shall include the status of creating and filling positions, lease of trucks, purchase of rolling stock and other supplies, and methodology for allocation of operational funds for the local highway divisions and amount of funds spent. The FMD shall include a needs assessment for additional staffing and funding for routine building maintenance activities.

SECTION 41.6.(b) By August 1 of each year, the Facilities Maintenance Division shall submit a report to the Joint Legislative Transportation Oversight Committee (JLTOC) and the Fiscal Research Division. The report shall include the following information:

(1) Capital projects status to include each project undertaken, amount of funds expended, and planned completion and, if additional appropriations are required, include amount needed for completion of the project.

(2) Information on the contract, including whether the Department of Administration administered the contract and whether the contract was managed by DOT.

(3) Update of building replacement schedules for upcoming budget planning.

ROAD AND BRIDGE NAMING

SECTION 41.7. Notwithstanding any provision of law to the contrary, the Department of Transportation shall designate as follows:

(1) A section of Interstate 40 in Catawba County named in honor of Cherie Killian Berry, the first female Commissioner of Labor in North Carolina.

(2) A pedestrian bridge to be constructed in Concord at the Charlotte Motor Speedway named in honor of Linda P. Johnson.

(3) The bridge on U.S. Highway 74 that crosses over the Catawba River at the Mecklenburg County and Gaston County line and is numbered 350091 by the Department as the "Dana Bumgardner Bridge.

ROADSIDE ENVIRONMENTAL

SECTION 41.8. Of the funds appropriated to the Department of Transportation from the Highway Fund for the 2023-2025 fiscal biennium, the Department shall spend the following amounts for Roadside Environmental:

FY 2023-2024	$144,000,000
FY 2024-2025	$144,000,000

RIGHT-OF-WAY CONDEMNATION JUST COMPENSATION INTEREST RATE

SECTION 41.9.(a) G.S. 136-113 reads as rewritten:

"**§ 136-113. Interest as a part of just compensation.**

To said amount awarded as damages by the commissioners or a jury or judge, the judge shall, as a part of just compensation, add interest at the legal rate as provided in G.S. 24-1 on said amount from the date of taking to the date of satisfaction of the judgment; but interest shall not be allowed from the date of deposit on so much thereof as shall have been paid into court as provided in this Article. ~~For purposes of this section, the term "legal rate" means the prime lending rate, as published by the Board of Governors of the Federal Reserve System on the first business day of the calendar month immediately preceding the date of taking. The legal rate established under this section shall not exceed the legal rate set in G.S. 24-1. An amount awarded as damages shall bear simple, not compounding, interest.~~"

SECTION 41.9.(b) G.S. 24-1 reads as rewritten:

"**§ 24-1. Legal rate is eight percent.**

~~Except as otherwise provided in G.S. 136-113, the~~ The legal rate of interest shall be eight percent (8%) per annum for such time as interest may accrue, and no more."

SECTION 41.9.(c) This section is effective when it becomes law and applies to causes of action filed on or after that date.

CONTRACT TO MANAGE FERRY CONSTRUCTION

SECTION 41.10.(a) For the 2023-2025 fiscal biennium, and notwithstanding any other provision of law, the Department of Transportation shall contract with a qualified vendor to manage ferry vessel construction.

SECTION 41.10.(b) Beginning January 1, 2024, and quarterly thereafter until the end of the biennium, the Department shall report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division on ferry construction progress.

CLARIFY FERRY OPERATING BUDGET REQUIREMENTS

SECTION 41.11. Section 41.15A of S.L. 2021-180 is amended by adding the following new subsections to read:

"**SECTION 41.15A.(c)** Notwithstanding subsections (a) and (b) of this section, the Committee Report described in Section 43.2 of this act, and any other provision of law, the Department of Transportation may maintain field, program, administrative, or any other fund codes it determines to be necessary within its internal SAP accounting system to implement this section. The Department shall combine these internal fund codes to show only Fund Code 7825 for Ferry Operations in the North Carolina Accounting System and North Carolina Financial System and any successor accounting systems. To the extent practicable, the Department shall combine these internal fund codes to show only Fund Code 7825 in reports required by the General Assembly and any other public reports.

"**SECTION 41.15A.(d)** Notwithstanding any other provision of law, the Office of State Budget and Management may make changes to the Integrated Budget Information System, North Carolina Accounting System, North Carolina Financial System, or any successor systems to those listed to comply with this section."

S-LINE ANNUAL REPORT

SECTION 41.12. Beginning October 1, 2023, the Department of Transportation, Rail Division, shall report annually on the status of the S-Line rail corridor reconstruction project between Raleigh and Ridgeway to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division. This report shall include the status of the acquisition of the project; the total allocations of any funds to the project and their source, including Highway Fund, Highway Trust Fund, and federal funds; and the amount of funds disbursed, including the recipients of those funds. The report shall include any details of lease agreements made with any property owners along the corridor after acquisition is completed. The report shall include an estimated time line, or dates of work completed, of the major project phases, including

acquisition, preconstruction, construction, and project closeout. The report shall show the amount of federal funds associated with each State appropriation for the project and detail the award or awards associated with that appropriation.

PASSENGER RAIL FLEET PLAN AND COST ESTIMATES

SECTION 41.13. The Department of Transportation, Rail Division, shall submit a report on its passenger rail fleet plan to the Joint Legislative Transportation Oversight Committee (JLTOC) and the Fiscal Research Division by December 31, 2023. The report shall include all of the following information regarding new passenger rail rolling stock:

(1) The source of funds for purchasing the new passenger rail rolling stock.
(2) The cost to purchase the new passenger rail rolling stock.
(3) The delivery time line for the new passenger rail rolling stock.
(4) The expected annual cost for maintenance and contractor services for the new passenger rail rolling stock.
(5) The annual total cost for the existing passenger rail fleet.
(6) A comparison of the annual total cost for the existing passenger rail fleet to the expected annual total cost for the new passenger rail rolling stock.

EXTEND DURATION OF LICENSES AND ALLOW UNLIMITED REMOTE LICENSE RENEWALS

SECTION 41.14.(a) G.S. 20-7 reads as rewritten:

"**§ 20-7. Issuance and renewal of drivers licenses.**

…

(f) Duration and Renewal of Licenses. – Drivers licenses shall be issued and renewed pursuant to the provisions of this subsection:

…

(2) Duration of original license for persons at least 18 years of age or older. – A drivers license issued to a person at least 18 years old but less than 66 years old expires on the birthday of the licensee in the ~~eighth~~ sixteenth year after issuance. A drivers license issued to a person at least 66 years old expires on the birthday of the licensee in the fifth year after issuance. A commercial drivers license expires on the birthday of the licensee in the fifth year after issuance. A commercial drivers license that has a vehicles carrying passengers (P) and school bus (S) endorsement issued pursuant to G.S. 20-37.16 expires on the birthday of the licensee in the third year after issuance, if the licensee is certified to drive a school bus in North Carolina.

(2a) Duration of renewed licenses. – A renewed drivers license that was issued by the Division to a person at least 18 years old but less than 66 years old expires ~~eight~~ 16 years after the expiration date of the license that is renewed. A renewed drivers license that was issued by the Division to a person at least 66 years old expires five years after the expiration date of the license that is renewed. A renewed commercial drivers license expires five years after the expiration date of the license that is renewed.

…

(6) Remote renewal or conversion. – Subject to the following requirements and limitations, the Division ~~may~~ shall offer remote renewal of a drivers license or remote conversion of a full provisional license issued by the Division:

a. Requirements. – To be eligible for remote renewal or conversion under this subdivision, a person must meet all of the following requirements:

1. The license holder possesses either (i) a valid Class C drivers license or (ii) a valid full provisional license and is at least 18 years old at the time of the remote conversion.
2. The license holder's current license includes no restrictions other than a restriction for corrective lenses.
3. The license holder attests, in a manner designated by the Division, that (i) the license holder is a resident of the State and currently resides at the address on the license to be renewed or converted, (ii) the license holder's name as it appears on the license to be renewed or converted has not changed, and (iii) all other information required by the Division for an in-person renewal under this Article has been provided completely and truthfully. If the license holder does not currently reside at the address on the license to be renewed or converted, the license holder may comply with the address requirement of this sub-sub-subdivision by providing the address at which the license holder resides at the time of the remote renewal or conversion request.
4. ~~For a remote renewal, the most recent renewal was an in-person renewal and not a remote renewal under this subdivision.~~
5. The license holder is otherwise eligible for renewal or conversion under this subsection.

…."

INCREASE COMPENSATION TO COMMISSION CONTRACT AGENTS AND INCREASE PORTION OF TITLE & REGISTRATION FEES CREDITED TO HIGHWAY FUND

SECTION 41.15.(a) G.S. 20-63(h1) reads as rewritten:

"(h1) Commission contracts entered into by the Division under this subsection shall also provide for the payment of an additional ~~one dollar ($1.00)~~ two dollars ($2.00) of compensation to commission contract agents for any transaction assessed a fee under subdivision (a)(1), (a)(2), (a)(3), (a)(7), (a)(8), or (a)(9) of G.S. 20-85."

SECTION 41.15.(b) G.S. 20-85(a1) reads as rewritten:

"(a1) ~~One dollar ($1.00)~~ Two dollars ($2.00) of the fee imposed for any transaction assessed a fee under subdivision (a)(1), (a)(2), (a)(3), (a)(7), (a)(8), or (a)(9) of this section shall be credited to the North Carolina Highway Fund. The Division shall use the fees derived from transactions with commission contract agents for the payment of compensation to commission contract agents. An additional twenty cents (20¢) of the fee imposed for any transaction assessed a fee under subdivision (a)(1) of this section shall be credited to the Mercury Pollution Prevention Fund in the Department of Environmental Quality."

SECTION 41.15.(c) This section becomes effective October 1, 2023, and applies to certificates of title issued or renewed on or after that date.

TRANSPORTATION COMMITTEE REPORT CORRECTIONS

SECTION 41.16. Notwithstanding the Committee Report described in Section 43.2 of this act:

(1) Funds for the construction of the "US 1 Pedestrian Bridge" shall be transferred from the projected interest accrued to the State Fiscal Recovery Reserve and shall be used for the construction of a pedestrian bridge over Highway 1 at the Rockingham Speedway in Richmond County.

(2) Funds for the construction of the "Pedestrian Bridge US 49" shall be transferred from the projected interest accrued to the State Fiscal Recovery Reserve.

(3) Funds for the construction of the "Interchange Wilkes County" shall be transferred from the projected interest accrued to the State Fiscal Recovery Reserve.

PART XLII. FINANCE

ACCELERATE REDUCTION OF PERSONAL INCOME TAX RATE TO 4.5%

SECTION 42.1.(a) G.S. 105-153.7(a) reads as rewritten:

"(a) Tax. – A tax is imposed for each taxable year on the North Carolina taxable income of every individual. The tax shall be levied, collected, and paid annually. The tax is a percentage of the taxpayer's North Carolina taxable income computed as follows:

Taxable Years Beginning	Tax
In 2022	4.99%
In 2023	4.75%
In 2024 and 2025	~~4.6%~~4.5%
~~In 2025~~	~~4.5%~~
In 2026	4.25%
After 2026	3.99%."

SECTION 42.1.(b) This section is effective when it becomes law.

INCREASE STANDARD DEDUCTION

SECTION 42.2.(a) G.S. 105-153.5(a)(1) reads as rewritten:

"(1) Standard deduction amount. – The standard deduction amount is zero for a person who is not eligible for a standard deduction under section 63 of the Code. For all other taxpayers, the standard deduction amount is equal to the amount listed in the table below based on the taxpayer's filing status:

Filing Status	**Standard Deduction**
Married, filing jointly/surviving spouse	~~$25,500~~$26,000
Head of Household	~~19,125~~19,500
Single	~~12,750~~13,000
Married, filing separately	~~12,750.~~13,000."

SECTION 42.2.(b) This section is effective for taxable years beginning on or after January 1, 2024.

INCREASE CHILD DEDUCTION

SECTION 42.3.(a) G.S. 105-153.5(a1) reads as rewritten:

"(a1) Child Deduction Amount. – A taxpayer who is allowed a federal child tax credit under section 24 of the Code for the taxable year is allowed a deduction under this subsection for each qualifying child for whom the taxpayer is allowed the federal tax credit. The amount of the deduction is equal to the amount listed in the table below based on the taxpayer's adjusted gross income, as calculated under the Code:

Filing Status	**AGI**	**Deduction Amount**
Married, filing jointly/ surviving spouse	Up to $40,000	~~$3,000~~$3,600
	Over $40,000 Up to $60,000	~~2,500~~3,000
	Over $60,000 Up to $80,000	~~2,000~~2,400
	Over $80,000	

	Up to $100,000	~~1,500~~1,800
	Over $100,000	
	Up to $120,000	~~1,000~~1,200
	Over $120,000	
	Up to $140,000	~~500.00~~600.00
	Over $140,000	0
Head of Household	Up to $30,000	~~$3,000~~$3,600
	Over $30,000	
	Up to $45,000	~~2,500~~3,000
	Over $45,000	
	Up to $60,000	~~2,000~~2,400
	Over $60,000	
	Up to $75,000	~~1,500~~1,800
	Over $75,000	
	Up to $90,000	~~1,000~~1,200
	Over $90,000	
	Up to $105,000	~~500.00~~600.00
	Over $105,000	0
Single	Up to $20,000	~~$3,000~~$3,600
	Over $20,000	
	Up to $30,000	~~2,500~~3,000
	Over $30,000	
	Up to $40,000	~~2,000~~2,400
	Over $40,000	
	Up to $50,000	~~1,500~~1,800
	Over $50,000	
	Up to $60,000	~~1,000~~1,200
	Over $60,000	
	Up to $70,000	~~500.00~~600.00
	Over $70,000	0
Married, filing separately	Up to $20,000	~~$3,000~~$3,600
	Over $20,000	
	Up to $30,000	~~2,500~~3,000
	Over $30,000	
	Up to $40,000	~~2,000~~2,400
	Over $40,000	
	Up to $50,000	~~1,500~~1,800
	Over $50,000	
	Up to $60,000	~~1,000~~1,200
	Over $60,000	
	Up to $70,000	~~500.00~~600.00
	Over $70,000	0."

SECTION 42.3.(b) This section is effective for taxable years beginning on or after January 1, 2024.

ESTABLISH REFUNDABLE ADOPTION TAX CREDIT

SECTION 42.4.(a) G.S. 105-151.32 is reenacted as it existed immediately before its repeal, is recodified as G.S. 105-153.11, and is rewritten to read:

"**§ 105-153.11. Credit for adoption expenses.**

(a) Credit. – An individual who is allowed a federal adoption tax credit under section 23 of the Code for the taxable year is allowed a credit against the tax imposed by this Part. The credit is equal to two thousand dollars ($2,000) for each eligible child for the taxable year in which the lawful adoption becomes final.

(b) Limitations. – The following limitations apply to a credit under this section:

(1) A nonresident or part-year resident who claims the credit allowed by this section shall reduce the amount of the credit by multiplying it by the fraction calculated under G.S. 105-153.4(b) or (c), as appropriate.

(2) For spouses who file separate returns for a taxable year in which they could have filed a joint return, each may claim only one-half of the credit provided in this section that would have been allowed on a joint return.

(c) Credit Refundable. – If the credit allowed by this section exceeds the amount of the tax imposed by this Part for the taxable year reduced by the sum of all credits allowable, the Secretary must refund the excess to the taxpayer. The refundable excess is governed by the provisions governing a refund of an overpayment by the taxpayer of the tax imposed in this Part. In computing the amount of tax against which multiple credits are allowed, nonrefundable credits are subtracted before refundable credits."

SECTION 42.4.(b) This section is effective for taxable years beginning on or after January 1, 2024.

ESTABLISH INCOME TAX CREDIT FOR LIVE ORGAN DONATION EXPENSES

SECTION 42.5.(a) Part 2 of Article 4 of Subchapter I of Chapter 105 of the General Statutes is amended by adding a new section to read:

"**§ 105-153.11. Credit for live organ donation.**

(a) Definitions. – The following definitions apply in this section:

(1) Human organ. – Human bone marrow or any organ of a human, including the intestine, kidney, liver, lung, or pancreas.

(2) Live organ donation. – A donation by a living individual of one or more of the individual's human organs to another human to be transplanted using a medical procedure to the body of another individual.

(3) Live organ donation expenses. – The total amount of the expenses listed in this subdivision that are incurred by the taxpayer, that are directly related to a live organ donation, and that are not reimbursed to the taxpayer by any person. An expense is "directly related" if it is incurred due to a live organ donation procedure or due to evaluation, recovery, follow-up visits, or rehospitalization associated with a live organ donation procedure. The expenses are:

a. Lost wages.

b. Transportation, lodging, and meals.

(b) Credit. – A taxpayer who makes a live organ donation or who is allowed to claim as a dependent a person who makes a live organ donation is allowed a credit against the tax imposed by this Part equal to the lesser of the live organ donation expenses or five thousand dollars ($5,000). For the purposes of this section, "dependent" means a qualifying child or qualifying relative as defined in section 152 of the Code.

(c) Limitation. – The credit allowed under this section may not exceed the amount of tax imposed by this Part for the taxable year reduced by the sum of all other credits allowable, except tax payment made by or on behalf of the taxpayer.

(d) Carryforward. – Any unused portion of a credit allowed in this section may be carried forward for the succeeding five years."

SECTION 42.5.(b) G.S. 105-153.5(a) reads as rewritten:

"(a) Deduction Amount. – In calculating North Carolina taxable income, a taxpayer may deduct from adjusted gross income either the standard deduction amount provided in subdivision (1) of this subsection or the itemized deduction amount provided in subdivision (2) of this subsection. The deduction amounts are as follows:

…

(2) Itemized deduction amount. – An amount equal to the sum of the items listed in this subdivision. The amounts allowed under this subdivision are not subject to the overall limitation on itemized deductions under section 68 of the Code:

…

c. Medical and Dental Expense. – The amount allowed as a deduction for medical and dental expenses under section 213 of the Code for that taxable year. No deduction is allowed for live organ donation expenses for which a credit was taken under G.S. 105-153.11.

…."

SECTION 42.5.(c) This section is effective for taxable years beginning on or after January 1, 2023.

REDUCE FRANCHISE TAX RATE

SECTION 42.6.(a) G.S. 105-120.2(b) reads as rewritten:

"(b) Tax Rate. – Every corporation taxed under this section shall annually pay to the Secretary of Revenue, at the time the return is due, a franchise or privilege tax at the rate ~~of one dollar and fifty cents ($1.50)~~ listed below per one thousand dollars ($1,000) of the amount determined under subsection (a) of this section, but in no case shall the tax be more than one hundred fifty thousand dollars ($150,000) nor less than two hundred dollars ($200.00). The tax rates are as follows:

Taxable Years Beginning	Tax Rate Per $1,000
In 2025	$1.40
In 2026	$1.30
In 2027	$1.20
In 2028	$1.10
After 2028	$1.00."

SECTION 42.6.(b) G.S. 105-122(d2) reads as rewritten:

"(d2) Tax Rate. – For a C Corporation, as defined in G.S. 105-130.2, the tax rate is ~~one dollar and fifty cents ($1.50)~~ as listed below per one thousand dollars ($1,000) of the corporation's tax base as determined under subsection (d) of this section. For an S Corporation, as defined in G.S. 105-130.2, the tax rate is two hundred dollars ($200.00) for the first one million dollars ($1,000,000) of the corporation's tax base as determined under subsection (d) of this section and ~~one dollar and fifty cents ($1.50)~~ the rate listed below per one thousand dollars ($1,000) of its tax base that exceeds one million dollars ($1,000,000). In no event may the tax imposed by this section be less than two hundred dollars ($200.00). The tax rates are as follows:

Taxable Years Beginning	Tax Rate Per $1,000
In 2025	$1.40
In 2026	$1.30
In 2027	$1.20
In 2028	$1.10
After 2028	$1.00."

SECTION 42.6.(c) This section is effective for taxable years beginning on or after January 1, 2025, and is applicable to the calculation of franchise tax reported on the 2024 and later corporate income tax return.

REPEAL STATE PRIVILEGE TAX ON PROFESSIONALS

SECTION 42.7.(a) G.S. 105-41 and G.S. 93-12(12) are repealed.

SECTION 42.7.(b) G.S. 53-191 reads as rewritten:

"**§ 53-191. Businesses exempted.**

Nothing in this Article shall be construed to apply to any person, firm or corporation doing business under the authority of any law of this State or of the United States relating to banks, trust companies, savings and loan associations, cooperative credit unions, agricultural credit corporations or associations organized under the laws of North Carolina, production credit associations organized under the act of Congress known as the Farm Credit Act of 1933, pawnbrokers lending or advancing money on specific articles of personal property, industrial banks, the business of negotiating loans on real ~~estate as defined in G.S. 105-41,~~ estate, nor to installment paper dealers as defined in G.S. 105-83 other than persons, firms and corporations engaged in the business of accepting fees for endorsing or otherwise securing loans or contracts for repayment of loans."

SECTION 42.7.(c) G.S. 105-88(b) reads as rewritten:

"(b) This section does not apply to banks, industrial banks, trust companies, savings and loan associations, cooperative credit unions, the business of negotiating loans on real ~~estate as described in G.S. 105-41,~~ estate, or insurance premium finance companies licensed under Article 35 of Chapter 58 of the General Statutes. This section applies to those persons or concerns operating what are commonly known as loan companies or finance companies and whose business is as hereinbefore described, and those persons, firms, or corporations pursuing the business of lending money and taking as security for the payment of the loan and interest an assignment of wages or an assignment of wages with power of attorney to collect the amount due, or other order or chattel mortgage or bill of sale upon household or kitchen furniture. No real estate mortgage broker is required to obtain a privilege license under this section merely because the broker advances the broker's own funds and takes a security interest in real estate to secure the advances and when, at the time of the advance, the broker has already made arrangements with others for the sale or discount of the obligation at a later date and does so sell or discount the obligation within the period specified in the arrangement or extensions thereof; or when, at the time of the advance the broker intends to sell the obligation to others at a later date and does, within 12 months from date of initial advance, make arrangements with others for the sale of the obligation and does sell the obligation within the period specified in the arrangement or extensions thereof; or because the broker advances the broker's own funds in temporary financing directly involved in the production of permanent-type loans for sale to others; and no real estate mortgage broker whose mortgage lending operations are essentially as described above is required to obtain a privilege license under this section."

SECTION 42.7.(d) This section is effective for taxes imposed for taxable years beginning on or after July 1, 2023.

INCREASE CREDITS FOR INCOME-PRODUCING REHABILITATED MILL PROPERTY

SECTION 42.8.(a) G.S. 105-129.71 reads as rewritten:

"**§ 105-129.71. Credit for income-producing rehabilitated mill property.**

(a) Credit. – A taxpayer who is allowed a credit under section 47 of the Code for making qualified rehabilitation expenditures of at least three million dollars ($3,000,000) with respect to a certified rehabilitation of an eligible site is allowed a credit equal to a percentage of the expenditures that qualify for the federal credit. The credit may be claimed in the year in which the eligible site is placed into service. When the eligible site is placed into service in two or more phases in different years, the amount of credit that may be claimed in a year is the amount based on the qualified rehabilitation expenditures associated with the phase placed into service during that year. In order to be eligible for a credit allowed by this Article, the taxpayer must provide to

the Secretary a copy of the eligibility certification and the cost certification. The amount of the credit is as follows:

(1) For an eligible site located in a development tier one or two area, determined as of the date of the eligibility certification, the amount of the credit is equal to ~~forty percent (40%)~~ forty-five percent (45%) of the qualified rehabilitation expenditures.

(2) For an eligible site located in a development tier three area, determined as of the date of the eligibility certification, the amount of the credit is equal to ~~thirty percent (30%)~~ thirty-five percent (35%) of the qualified rehabilitation expenditures.

…."

SECTION 42.8.(b) This section is effective for qualified rehabilitation expenditures occurring on or after January 1, 2024.

MAKE HISTORIC REHABILITATION AND HISTORIC MILL CREDITS PERMANENT

SECTION 42.9.(a) G.S. 105-129.75 and G.S. 105-129.110 are repealed.

SECTION 42.9.(b) This section is effective when it becomes law.

SALES TAX EXEMPTION, FORGIVENESS, AND REFUNDS FOR CONTINUING CARE RETIREMENT COMMUNITIES

SECTION 42.10.(a) Article 9 of Subchapter I of Chapter 105 of the General Statutes is amended by adding a new section to read:

"**§ 105-244.4B. Forgiveness of certain sales tax assessments of continuing care retirement communities.**

(a) Reduction. – The Secretary must reduce by one hundred percent (100%) a sales and use tax assessment against a taxpayer who requests relief for State and local sales and use taxes and waive any penalties imposed as part of the assessment when the assessment is the result of an audit of the taxpayer by the Department, and all of the following apply:

(1) The taxpayer is a provider of continuing care. The terms "continuing care" and "provider" have the same meanings as defined in G.S. 58-64-1.

(2) The taxpayer remitted to the Department during the period under audit all the sales and use taxes it collected during that period.

(3) The taxpayer had not been informed by the Department in a prior audit to collect sales and use taxes in the circumstance that is the basis of the assessment, as reflected in the written audit comments of the prior audit.

(4) The taxpayer had not requested and received from the Department a private letter ruling advising to collect sales and use taxes in the circumstance that is the basis of the assessment.

(5) The taxpayer had not received other specific written guidance from the Department advising it to collect sales and use tax in the circumstances that is the basis of the assessment for which it seeks reduction.

(6) The assessment is based on the failure to collect sales tax on items that would be exempt under G.S. 105-164.13(74) if sold on or after October 1, 2023.

(7) The taxpayer meets one of the following:

a. The taxpayer received a proposed assessment dated on or before June 1, 2023, timely filed a request for review, and files a written request with the Secretary on or before December 1, 2023, to request the amount of sales or use taxes be reduced as provided in this section citing the specific reasons. The Department does not need to take further action on the taxpayer's request for review unless the taxpayer

states in writing, when filing a request for reduction under this section, that the reduction does not resolve the taxpayer's objection to the proposed assessment and that the taxpayer wishes to continue the Departmental review.

b. The taxpayer received a proposed assessment dated on or before June 1, 2023, did not file a request for review, paid the tax due, and files a written request with the Secretary on or before December 1, 2023, to request the amount of sales or use taxes be reduced as provided in this section citing the specific reasons.

c. The taxpayer receives a proposed assessment after June 1, 2023, timely files a request for review, as provided in G.S. 105-241.11, and files a written request with the Secretary no later than 45 days from the date of the notice of the proposed assessment to request the amount of sales or use taxes be reduced as provided in this section citing the specific reasons.

(b) Application. – This section applies to the following for a tax period ending prior to January 1, 2024:

(1) A proposed assessment or portion of a proposed assessment.

(2) An assessment that becomes collectible under G.S. 105-241.22.

(3) A pending request for review case.

(4) A pending contested case hearing at the Office of Administrative Hearings."

SECTION 42.10.(b) G.S. 105-164.13 reads as rewritten:

"**§ 105-164.13. Retail sales and use tax.**

The sale at retail and the use, storage, or consumption in this State of the following items are specifically exempted from the tax imposed by this Article:

…

(74) Sales by a provider of continuing care to its residents, other than sales of alcoholic beverages. A provider of continuing care must pay sales and use tax on the purchase price of an item that is exempt from tax under this subdivision. The terms "provider," "continuing care," and "resident" have the same meanings as defined in G.S. 58-64-1. The term "alcoholic beverage" has the same meaning as defined in G.S. 18B-101."

SECTION 42.10.(c) Refund. – A provider of continuing care is allowed a refund of all North Carolina State and local sales and use taxes paid by the provider of continuing care for purchases of items eligible for exemption under G.S. 105-164.13(74), as amended by this section, if the sale was made on or after October 1, 2020, but before October 1, 2023. The amount of the refund must be reduced by the amount of sales and use tax due from the provider of continuing care on the purchase price of the item under G.S. 105-164.13(74), as amended by this section, if the sale was made on or after October 1, 2020. If a provider of continuing care collected the tax from the purchaser, the Secretary may allow the refund only if the provider of continuing care gives the purchaser credit for or a refund of the tax collected from the purchaser. A request for a refund under this section must be in writing and must include any information and documentation required by the Secretary. A request for a refund under this section must be made on or after October 1, 2023, and is due before December 1, 2023. A refund allowed under this section is not an overpayment of tax and does not accrue interest as provided in G.S. 105-241.21.

SECTION 42.10.(d) Subsection (b) of this section becomes effective October 1, 2023. The remainder of this section is effective when it becomes law.

EXTEND SUNSET ON EXEMPTIONS AND REFUNDS FOR PROFESSIONAL MOTORSPORTS

SECTION 42.11.(a) G.S. 105-164.13 reads as rewritten:

"**§ 105-164.13. Retail sales and use tax.**

The sale at retail and the use, storage, or consumption in this State of the following items are specifically exempted from the tax imposed by this Article:

…

(65) This subdivision expires January 1, ~~2024.~~ 2028. Sales of the following to a professional motorsports racing team or a related member of a team for use in competition in a sanctioned race series:

a. The sale, lease, or rental of an engine.

b. The sales price of or gross receipts derived from a service contract on, or repair, maintenance, and installation services for, a transmission, an engine, rear-end gears, and any tangible personal property that is purchased, leased, or rented and that is exempt from tax under this subdivision or that is allowed a sales tax refund under G.S. 105-164.14A(a)(5).

c. The gross receipts derived from an agreement to provide an engine to a professional motorsports racing team or related member of a team for use in competition in a sanctioned race series, where such agreement does not meet the definition of a "service contract" as defined in G.S. 105-164.3 but may meet the definition of the term "lease or rental" as defined in G.S. 105-164.3.

(65a) An engine or a part to build or rebuild an engine for the purpose of providing an engine under an agreement to a professional motorsports racing team or a related member of a team for use in competition in a sanctioned race series. This subdivision expires January 1, ~~2024.~~2028.

…."

SECTION 42.11.(b) G.S. 105-164.14A(a) reads as rewritten:

"**§ 105-164.14A. Economic incentive refunds.**

(a) Refund. – The following taxpayers are allowed an annual refund of sales and use taxes paid under this Article:

…

(4) Motorsports team or sanctioning body. – A professional motorsports racing team, a motorsports sanctioning body, or a related member of such a team or body is allowed a refund of the sales and use tax paid by it in this State on aviation gasoline or jet fuel that is used to travel to or from a motorsports event in this State, to travel to a motorsports event in another state from a location in this State, or to travel to this State from a motorsports event in another state. For purposes of this subdivision, a "motorsports event" includes a motorsports race, a motorsports sponsor event, and motorsports testing. This subdivision is repealed for purchases made on or after January 1, ~~2024.~~2028.

(5) Professional motorsports team. – A professional motorsports racing team or a related member of a team is allowed a refund of fifty percent (50%) of the sales and use tax paid by it in this State on tangible personal property, other than tires or accessories, that comprises any part of a professional motorsports vehicle. For purposes of this subdivision, "motorsports accessories" includes instrumentation, telemetry, consumables, and paint. This subdivision is repealed for purchases made on or after January 1, ~~2024.~~2028.

…."

SECTION 42.11.(c) This section is effective when it becomes law.

EXPAND AVIATION SALES TAX EXEMPTION SO THAT PARTS AND ACCESSORIES EXEMPTION ALIGNS WITH LABOR EXEMPTION FOR SAME TYPES OF AIRCRAFT

SECTION 42.12.(a) G.S. 105-164.3(197) reads as rewritten:

"(197) Qualified aircraft. – An aircraft with a maximum take-off weight of ~~more than 9,000 pounds but not in excess of 15,000 pounds.~~2,000 pounds and above."

SECTION 42.12.(b) G.S. 105-164.13(61a)m. reads as rewritten:

"m. Any of the following:

1. A qualified aircraft.
2. A qualified jet engine.
3. ~~An aircraft with a gross take-off weight of more than 2,000 pounds.~~"

SECTION 42.12.(c) This section becomes effective July 1, 2023, and applies to sales occurring on or after that date.

EXTEND SUNSET FOR AVIATION GASOLINE AND JET FUEL FOR USE IN COMMERCIAL AIRCRAFT

SECTION 42.13.(a) G.S. 105-164.13 reads as rewritten:

"**§ 105-164.13. Retail sales and use tax.**

The sale at retail and the use, storage, or consumption in this State of the following items are specifically exempted from the tax imposed by this Article:

…

(11b) Sales of aviation gasoline and jet fuel to an interstate air business for use in a commercial aircraft. For purposes of this subdivision, the term "commercial aircraft" has the same meaning as defined in subdivision (45a) of this section. This exemption also applies to aviation gasoline and jet fuel purchased for use in a commercial aircraft in interstate or foreign commerce by a person whose primary business is scheduled passenger air transportation. This subdivision expires January 1, ~~2024.~~2028.

…."

SECTION 42.13.(b) This section is effective when it becomes law.

EXPAND SALES TAX EXEMPTION FOR FUEL & CONSUMABLES USED BY BOATS TRANSPORTING FREIGHT ON INLAND AND INTRACOASTAL WATERWAYS

SECTION 42.14.(a) G.S. 105-164.13 reads as rewritten:

"**§ 105-164.13. Retail sales and use tax.**

The sale at retail and the use, storage, or consumption in this State of the following items are specifically exempted from the tax imposed by this Article:

…

(24) Sales of fuel and other tangible personal property for use or consumption by or on ~~ocean-going vessels which ply the high seas interstate or foreign commerce in the~~ a watergoing vessel when delivered to an officer or agent of the vessel for the use of the vessel engaged in either of the activities listed in this subdivision. Sales of fuel and other tangible personal property made to officers, agents, members of the crew, or passengers of these vessels for their personal use are not exempt from payment of the sales tax. The activities are:

a. The transport of ~~freight~~ freight in intrastate, interstate, or foreign commerce, whether on the high seas, intracoastal waterways, sounds, or rivers.

b. ~~and/or~~ The transport of passengers for hire ~~exclusively, when delivered to an officer or agent of such vessel for the use of such~~

~~vessel; provided, however, that sales of fuel and other tangible personal property made to officers, agents, members of the crew or passengers of such vessels for their personal use shall not be exempted from payment of the sales tax.~~exclusively on the high seas.

…."

SECTION 42.14.(b) This section becomes effective October 1, 2023, and applies to sales occurring on or after that date.

REENACT MODIFIED CONSERVATION TAX CREDIT

SECTION 42.15.(a) G.S. 105-130.34 is reenacted as it existed immediately before its expiration and reads as rewritten:

"**§ 105-130.34. Credit for certain real property donations.**

(a) Credit. – Any C Corporation that makes a qualified donation of an interest in real property located in North Carolina during the taxable year that is useful ~~for (i) public beach access or use, (ii) public access to public waters or trails, (iii) fish and wildlife conservation, (iv) forestland or farmland conservation, (v) watershed protection, (vi) conservation of natural areas as that term is defined in G.S. 113A-164.3(3), (vii) conservation of natural or scenic river areas as those terms are used in G.S. 113A-34, (viii) conservation of predominantly natural parkland, or (ix) historic landscape conservation~~ (i) for forestland or farmland preservation, (ii) for fish and wildlife conservation, (iii) as a buffer to limit land use activities that would restrict, impede, or interfere with military training, testing, or operations on a military installation or training area or otherwise be incompatible with the mission of the installation, (iv) for floodplain protection in a county that, in the five years preceding the donation, was the subject of a Type II or Type III gubernatorial disaster declaration, as provided in G.S. 166A-19.21, as a result of a natural disaster, (v) for historic landscape conservation, or (vi) for public trails or access to public trails is allowed a credit against the tax imposed by this Part equal to twenty-five percent (25%) of the fair market value of the donated property interest. To be eligible for this credit, the interest in real property must be donated in perpetuity for one of the qualifying uses listed in this subsection and accepted in perpetuity for the qualifying use for which the property is donated. The person to whom the property is donated must be the State, a local government, or a body that is both organized to receive and administer lands for conservation purposes and qualified to receive charitable contributions pursuant to G.S. 105-130.9. Lands required to be dedicated pursuant to local governmental regulation or ordinance and dedications made to increase building density levels permitted under a regulation or ordinance are not eligible for this credit.

The credit allowed under this section for one or more qualified donations made in a taxable year may not exceed five hundred thousand dollars ($500,000). To support the credit allowed by this section, the taxpayer must file with the income tax return for the taxable year in which the credit is claimed the following:

(1) A certification by the Department of ~~Environment and~~ Natural and Cultural Resources that the property donated is suitable for one or more of the valid public benefits set forth in this subsection.

(2) A self-contained appraisal report or summary appraisal report as defined in Standards Rule 2-2 in the latest edition of the Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Foundation for the property. For fee simple absolute donations of real property, a taxpayer may submit documentation of the county's appraised value of the donated property, as adjusted by the sales assessment ratio, in lieu of an appraisal report.

(b) Limitation. – The credit allowed by this section may not exceed the amount of tax imposed by this Part for the taxable year reduced by the sum of all credits allowed, except payments of tax made by or on behalf of the taxpayer.

(c) Carryforward. – Any unused portion of this credit may be carried forward for the next succeeding five years.

(d) No Double Benefit. – That portion of a qualifying donation that is the basis for a credit allowed under this section is not eligible for deduction as a charitable contribution under G.S. 105-130.9."

SECTION 42.15.(b) G.S. 105-151.12 is reenacted as it existed immediately before its expiration, is recodified as G.S. 105-153.11, and reads as rewritten:

"**§ 105-153.11. Credit for certain real property donations.**

(a) Credit. – An individual or pass-through entity that makes a qualified donation of an interest in real property located in North Carolina during the taxable year that is useful ~~for (i) public beach access or use, (ii) public access to public waters or trails, (iii) fish and wildlife conservation, (iv) forestland or farmland conservation, (v) watershed protection, (vi) conservation of natural areas as that term is defined in G.S. 113A-164.3(3), (vii) conservation of natural or scenic river areas as those terms are used in G.S. 113A-34, (viii) conservation of predominantly natural parkland, or (ix) historic landscape conservation~~ (i) for forestland or farmland preservation, (ii) for fish and wildlife conservation, (iii) as a buffer to limit land use activities that would restrict, impede, or interfere with military training, testing, or operations on a military installation or training area or otherwise be incompatible with the mission of the installation, (iv) for floodplain protection in a county that, in the five years preceding the donation, was the subject of a Type II or Type III gubernatorial disaster declaration, as provided in G.S. 166A-19.21, as a result of a natural disaster, (v) for historic landscape conservation, or (vi) for public trails or access to public trails is allowed a credit against the tax imposed by this Part equal to twenty-five percent (25%) of the fair market value of the donated property interest. To be eligible for this credit, the interest in property must be donated in perpetuity for one of the qualifying uses listed in this subsection and accepted in perpetuity for the qualifying use for which the property is donated. The person to whom the property is donated must be the State, a local government, or a body that is both organized to receive and administer lands for conservation purposes and qualified to receive charitable contributions under the Code. Lands required to be dedicated pursuant to local governmental regulation or ordinance and dedications made to increase building density levels permitted under a regulation or ordinance are not eligible for this credit.

To support the credit allowed by this section, the taxpayer must file with the income tax return for the taxable year in which the credit is claimed the following:

(1) A certification by the Department of ~~Environment and~~ Natural and Cultural Resources that the property donated is suitable for one or more of the valid public benefits set forth in this subsection. The certification for a qualified donation made by a pass-through entity must be filed by the pass-through entity.

(2) A self-contained or summary appraisal report as defined in Standards Rule 2-2 in the latest edition of the Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Foundation for the property. For fee simple absolute donations of real property, a taxpayer may submit documentation of the county's appraised value of the donated property, as adjusted by the sales assessment ratio, in lieu of an appraisal report.

(a1) Individuals. – The aggregate amount of credit allowed to an individual in a taxable year under this section for one or more qualified donations made during the taxable year, whether made directly or indirectly as owner of a pass-through entity, may not exceed two hundred fifty thousand dollars ($250,000). In the case of property owned by a married couple, if both spouses are required to file North Carolina income tax returns, the credit allowed by this section may be claimed only if the spouses file a joint return. The aggregate amount of credit allowed to a husband and wife filing a joint tax return may not exceed five hundred thousand dollars

($500,000). If only one spouse is required to file a North Carolina income tax return, that spouse may claim the credit allowed by this section on a separate return.

(a2) Pass-Through Entities. – The aggregate amount of credit allowed to a pass-through entity in a taxable year under this section for one or more qualified donations made during the taxable year, whether made directly or indirectly as owner of another pass-through entity, may not exceed five hundred thousand dollars ($500,000). Each individual who is an owner of a pass-through entity is allowed as a credit an amount equal to the owner's allocated share of the credit to which the pass-through entity is eligible under this subsection, not to exceed two hundred fifty thousand dollars ($250,000). Each corporation that is an owner of a pass-through entity is allowed as a credit an amount equal to the owner's allocated share of the credit to which the pass-through entity is eligible under this subsection, not to exceed five hundred thousand dollars ($500,000). If an owner's share of the pass-through entity's credit is limited due to the maximum allowable credit under this section for a taxable year, the pass-through entity and its owners may not reallocate the unused credit among the other owners.

(b) Limitation. – The credit allowed by this section may not exceed the amount of tax imposed by this Part for the taxable year reduced by the sum of all credits allowed, except payments of tax made by or on behalf of the taxpayer.

(c) Carryforward. – Any unused portion of this credit may be carried forward for the next succeeding five years.

(d) No Double Benefit. – That portion of a qualifying donation that is the basis for a credit allowed under this section is not eligible for deduction as a charitable contribution under G.S. 105-130.9.

~~(e) In the case of marshland for which a claim has been filed pursuant to G.S. 113-205, the offer of donation must be made before December 31, 2003 to qualify for the credit allowed by this section.~~

(f) Repealed by Session Laws 2007-309, s. 2, effective for taxable years beginning on or after January 1, 2007."

SECTION 42.15.(c) This section is effective for taxable years beginning on or after January 1, 2023.

PART XLIII. MISCELLANEOUS

STATE BUDGET ACT APPLIES

SECTION 43.1. The provisions of the State Budget Act, Chapter 143C of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

COMMITTEE REPORT

SECTION 43.2.(a) The North Carolina House Appropriations Committee Report on the Current Operations Appropriations Act of 2023, Proposed Committee Substitute for H259, as amended, which was distributed in the House and used to explain this act, shall indicate action by the General Assembly on this act and shall, therefore, be used to construe this act, as provided in the State Budget Act, Chapter 143C of the General Statutes, as appropriate, and for these purposes shall be considered a part of this act and, as such, shall be printed as a part of the Session Laws.

SECTION 43.2.(b) The budget enacted by the General Assembly is for the maintenance of the various departments, institutions, and other spending agencies of the State for the 2023-2025 biennial budget as provided in G.S. 143C-3-5. This budget includes the appropriations of State funds as defined in G.S. 143C-1-1(d)(25).

The Director of the Budget submitted a recommended base budget to the General Assembly in the Governor's Recommended Budget for the 2023-2025 fiscal biennium, dated

March 2023, and in the Budget Support Document for the various departments, institutions, and other spending agencies of the State. The adjustments to the recommended base budget made by the General Assembly are set out in the Committee Report.

SECTION 43.2.(c) The budget enacted by the General Assembly shall also be interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other appropriate legislation. In the event that there is a conflict between the line-item budget certified by the Director of the Budget and the budget enacted by the General Assembly, the budget enacted by the General Assembly shall prevail.

SECTION 43.2.(d) Notwithstanding subsection (a) of this section, the following portions of the Committee Report are for reference, and do not expand, limit, or define the text of the Committee Report:

(1) Summary pages setting forth the enacted budget, the legislative changes, the revised budget, and the related FTE information for a particular budget code and containing no other substantive information.

(2) Summary pages setting forth the enacted budget, the legislative changes, the revised budget, and the related FTE information for multiple fund codes within a single budget code and containing no other substantive information.

REPORT BY FISCAL RESEARCH DIVISION

SECTION 43.3. The Fiscal Research Division shall issue a report on budget actions taken by the 2023 Regular Session of the General Assembly. The report shall be in the form of a revision of the Committee Report described in Section 43.2 of this act pursuant to G.S. 143C-5-5. The Director of the Fiscal Research Division shall send a copy of the report issued pursuant to this section to the Director of the Budget. The report shall be published on the General Assembly's internet website for public access.

APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY

SECTION 43.4. Except where expressly repealed or amended by this act, the provisions of any legislation enacted during the 2023 Regular Session of the General Assembly affecting the State budget shall remain in effect.

MOST TEXT APPLIES ONLY TO THE 2023-2025 FISCAL BIENNIUM

SECTION 43.5. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2023-2025 fiscal biennium, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2023-2025 fiscal biennium.

EFFECT OF HEADINGS

SECTION 43.6. The headings to the Parts, Subparts, and sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act, except for effective dates referring to a Part or Subpart.

SEVERABILITY CLAUSE

SECTION 43.7. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

EFFECTIVE DATE

SECTION 43.8. Except as otherwise provided, this act becomes effective July 1, 2023.