

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023**

H

4

**HOUSE BILL 38
Committee Substitute Favorable 4/18/23
Senate Education/Higher Education Committee Substitute Adopted 6/19/24
Fourth Edition Engrossed 6/20/24**

Short Title: Education Omnibus Changes. (Public)

Sponsors:

Referred to:

February 1, 2023

A BILL TO BE ENTITLED
AN ACT TO MAKE CHANGES TO EDUCATION LAWS.
The General Assembly of North Carolina enacts:

**PART I. ACCEPTANCE OF CASH FOR ADMISSION TO HIGH SCHOOL
INTERSCHOLASTIC ATHLETIC ACTIVITIES**

SECTION 1.(a) G.S. 115C-407.55 reads as rewritten:

"§ 115C-407.55. Rules for high school interscholastic athletic activities.

The State Board of Education shall adopt rules governing high school interscholastic athletic activities conducted by public school units that include the following:

...

(10) Entry rules. – These rules shall establish requirements related to fees charged to any student or member of the public to attend any interscholastic athletic activity. As a minimum, the rules shall require that when an admission fee is charged to an interscholastic athletic activity, cash shall be accepted as a form of payment for admissions at the time of the event."

SECTION 1.(b) This section is effective when it becomes law and applies beginning with the 2024-2025 school year.

PART II. NEW COOPERATIVE INNOVATIVE HIGH SCHOOLS

SECTION 2. Beginning with the 2024-2025 school year and for subsequent school years thereafter, notwithstanding G.S. 115C-238.51A(c), G.S. 115C-238.54, and any other provision of law to the contrary, Dare Early College High School and Rockingham County CTE Innovation High School shall be permitted to operate in accordance with G.S. 115C-238.53 and G.S. 115C-238.54 as cooperative innovative high schools approved under G.S. 115C-238.51A(c) and shall be subject to the evaluation requirements of G.S. 115C-238.55.

**PART III. REVISE CERTAIN SUPPLANTING CRITERIA FOR SUPPLEMENTAL
FUNDS FOR TEACHER COMPENSATION**

SECTION 3. Section 7A.4 of S.L. 2023-134 reads as rewritten:

"SUPPLEMENTAL FUNDS FOR TEACHER COMPENSATION

...

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



...

(14) Supplant factor. – For each local school administrative unit ~~in each fiscal year of the fiscal biennium, as follows:~~

a. For the 2023-2024 fiscal year, the total non-State funds expended for salary supplements for teachers in the 2020-2021 fiscal year divided by the total State and non-State funds expended for salaries for teachers in the 2020-2021 fiscal year.

b. For the 2024-2025 fiscal year, the lesser of the following:

1. The total non-State funds expended for salary supplements for teachers in the 2020-2021 fiscal year divided by the total State and non-State funds expended for salaries for teachers in the 2020-2021 fiscal year.

2. The total non-State funds expended for salary supplements for teachers in the 2021-2022 fiscal year divided by the total State and non-State funds expended for salaries for teachers in the 2021-2022 fiscal year.

...

"SECTION 7A.4.(f1) Nonsupplant Enforcement. – If the State Board of Education determines that a local school administrative unit has supplanted non-State funds in violation of subsection (f) of this section, the State Board of Education shall do the following:

(1) For the 2023-2024 fiscal year, continue to allocate funds to the unit in accordance with subsection (c) of this section.

(2) For the 2024-2025 fiscal year, do either of the following:

a. If the unit can show that it has remedied the deficiency in funding, continue to allocate funds to the unit in accordance with subsection (c) of this section.

b. If the unit cannot show that it has remedied the deficiency in funding, not allocate any funds under this section to the unit.

...."

PART IV. CONSTRUCTION MANAGEMENT CAPACITY FLEXIBILITY

SECTION 4.(a) G.S. 143C-4-3.1 is amended by adding a new subsection to read:

"(e1) Notwithstanding any other provision of law, for any project with a total project authorization from the Fund that exceeds twenty million dollars (\$20,000,000), a low-capacity institution may use up to two percent (2%) of the total project authorization to support additional project management capacity provided through (i) time-limited employees of the constituent institution or (ii) a non-State third party. The low-capacity institution shall not use the flexibility to supplant funding for existing employees. For the purposes of this subsection, a low-capacity institution is a constituent institution of The University of North Carolina with a full-time equivalent enrollment of less than 10,000 students in the fiscal year preceding authorization of the project by State law."

SECTION 4.(b) This section is effective when it becomes law and applies to contracts executed on or after that date.

PART V. UNC CARRYFORWARD FOR CERTAIN PROJECTS AT CERTAIN INSTITUTIONS

SECTION 5.(a) Part VIII of S.L. 2023-134, as amended by Sections 2.11 and 2.12 of S.L. 2024-1, is amended by adding a new section to read:

"CARRYFORWARD FOR CERTAIN PROJECTS FOR FAYETTEVILLE STATE UNIVERSITY AND NORTH CAROLINA AGRICULTURAL AND TECHNICAL STATE UNIVERSITY

"**SECTION 8.25.** Notwithstanding any other provision of law to the contrary, the following nonrecurring funds appropriated in this act for the 2023-2024 fiscal year shall not revert at the end of the 2023-2024 fiscal year but shall remain available until the end of the 2024-2025 fiscal year:

- (1) The two million five hundred thousand dollars (\$2,500,000) appropriated to the Office of State Budget and Management to be allocated to Fayetteville State University for a risk management school.
- (2) The five million dollars (\$5,000,000) appropriated to the Board of Governors of The University of North Carolina to be allocated to North Carolina Agricultural and Technical State University for programs, research faculty and staff, research expenditures, and building infrastructure."

SECTION 5.(b) This section becomes effective June 30, 2024.

PART VI. PERMIT UNC CONSTITUENT INSTITUTIONS TO CARRY FORWARD TAX PROCEEDS FROM SPORTS WAGERING

SECTION 6.(a) G.S. 116-30.3 is amended by adding a new subsection to read:

"(g) Funds appropriated to constituent institutions of The University of North Carolina pursuant to G.S. 105-113.128 to support collegiate athletic departments shall not revert at the end of the fiscal year in which they are appropriated but shall remain available until expended."

SECTION 6.(b) This section becomes effective June 30, 2024.

PART VII. PERMIT CHAIR OF BOARD OF GOVERNORS TO DESIGNATE A MEMBER OF BOARD OF DIRECTORS FOR PROJECT KITTY HAWK

SECTION 7. Section 8.24(c) of S.L. 2021-180 reads as rewritten:

"**SECTION 8.24.(c)** Project Kitty Hawk shall be conducted by a nonprofit corporation created in accordance with this section and G.S. 116-30.20. The nonprofit corporation shall include in its corporate bylaws that the organization will be governed by a board of directors consisting of nine members, as follows:

- (1) Two ex officio voting members as follows:
 - a. The President of The University of North Carolina.
 - b. The Chair of the Board of Governors of The University of North Carolina, ~~Carolina,~~ or the Chair's designee.
- (2) Seven voting members appointed by the Board of Governors, in consultation with the President of The University of North Carolina, as follows:
 - a. Three members who shall be chancellors or chief academic officers of constituent institutions of The University of North Carolina.
 - b. Four members who shall be individuals having experience in business management, higher education, or both."

PART VIII. PERMIT CERTAIN STUDENTS TO PARTICIPATE IN THE TEACHING FELLOWS PROGRAM

SECTION 8. Notwithstanding G.S. 116-209.62(g), for applications for the award of funds beginning in the 2024-2025 academic year only, the North Carolina Teaching Fellows Program shall provide forgivable loans for completion of an educator preparation program of up to five thousand dollars (\$5,000) per semester for up to six semesters to the following categories of selected students enrolled at selected educator preparation programs in the 2024-2025 academic year:

- (1) Students who were enrolled in the 2023-2024 academic year in a program of study leading to licensure in elementary education.

- (2) Students who were enrolled in the 2023-2024 academic year in an educator preparation program that becomes a selected educator preparation program in the 2024-2025 academic year and who remain enrolled in that program.

PART VIII.1 PERMIT UNC TO ENTER INTO AGREEMENTS WITH VENDORS TO BUY BACK OR TRADE-IN TECHNOLOGICAL EQUIPMENT

SECTION 8.1.(a) G.S. 143-64.03 reads as rewritten:

"§ 143-64.03. Powers and duties of the State agency for surplus property.

...

(b1) Nothing in this Article, or any administrative rules promulgated under this Article, shall be deemed to prohibit The University of North Carolina from ~~conveying~~ doing the following:

- (1) Conveying surplus computer equipment at no ~~cost and cost~~. The University of North Carolina is encouraged to prioritize distribution to nonprofit entities that refurbish computers to donate to low-income students or households in the State. Any conveyance to a nonprofit under this ~~subsection~~ subdivision shall be conditioned upon, and in consideration of, the nonprofit's promise to refurbish the computer equipment and its donation to low-income students or households in the State and the nonprofit's reporting of information required by ~~this subsection~~ subsection (b2) of this section. After an initial conveyance, The University of North Carolina shall not convey additional surplus computer equipment to a nonprofit, unless that nonprofit has reported the information required by ~~this subsection~~ subsection (b2) of this section for prior conveyances.

- (2) Entering into agreements with one or more vendors to trade-in any technological equipment purchased from the vendor or to allow a vendor to buy back any technological equipment even if the equipment was not purchased from that vendor.

(b2) When ~~making a distribution under this subsection, either distributing surplus computer equipment as provided in subdivision (1) of subsection (b1) of this section or entering into a trade-in or buyback agreement under subdivision (2) of subsection (b1) of this section~~, The University of North Carolina shall keep records on the type of computer equipment ~~distributed, distributed or the technological equipment subject to the agreement, the number distributed, of computers distributed or the type and quantity of technological equipment subject to the agreement, the name of the nonprofit that received the distributions, distributions or the name of the vendor subject to the agreement, and the nonprofit's report on donations of refurbished computers to low-income students or households in the State. If the nonprofit is unable to refurbish computer equipment for any reason, its report shall include the disposition of such computer equipment. A nonprofit shall provide a report to the Board of Governors of The University of North Carolina by February 1, 2022, and by February 1 of each year thereafter. The report shall contain the information required by this subsection and any other information the Board of Governors deems reasonably necessary to ensure the conditions required under this subsection are satisfied. The Board of Governors of The University of North Carolina shall submit a report containing the information required to be collected under this subsection to the Joint Legislative Education Oversight Committee by December 1, 2022, and by December~~ March 1 of each year thereafter.

...."

SECTION 8.1.(b) This section is effective when it becomes law.

PART IX. CONFORM IN-STATE TUITION REQUIREMENTS TO FEDERAL LAW

SECTION 9.(a) G.S. 116-143.1 is amended by adding a new subsection to read:

"(h2) Any citizen of the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau who is a nonresident shall be eligible to be charged the in-State tuition rate and shall pay the full amount of the in-State tuition rate and applicable mandatory fees."

SECTION 9.(b) This section becomes effective July 1, 2024, and applies beginning with the 2024-2025 academic year.

PART X. ALLOW THE AUTHORITY TO USE ADMINISTRATIVE FUNDS FROM OPPORTUNITY SCHOLARSHIPS FOR PERSONAL EDUCATION STUDENT ACCOUNTS

SECTION 10.(a) G.S. 115C-562.8(c) reads as rewritten:

"(c) Of the funds allocated to the Authority to award scholarship grants under this Part, the Authority may retain up to two and one-half percent (2.5%) of the funds appropriated each fiscal year for administrative costs associated with the scholarship grant program. If the actual costs of administering the scholarship grant program are less than the funds authorized for administering the program pursuant to this subsection, the Authority may allocate unused funds for the additional administrative costs of the Personal Education Student Accounts for Children with Disabilities Program in accordance with G.S. 115C-597(d)."

SECTION 10.(b) G.S. 115C-597(d) reads as rewritten:

"(d) Administration Costs. – Of the funds allocated to the Authority to award scholarship funds under this Article, the Authority may retain the lesser of four percent (4%) of the funds appropriated or ~~two million dollars (\$2,000,000)~~ three million dollars (\$3,000,000) each fiscal year for administrative costs associated with the program, including contracting with non-State entities for administration of certain components of the program. If the actual costs of administering the program exceed the funds authorized for administering the program pursuant to this subsection, the Authority may allocate unused funds set aside for administration costs from the Opportunity Scholarship Grant Fund Reserve pursuant to G.S. 115C-562.8(c) for the additional administrative costs of the Personal Education Student Accounts for Children with Disabilities Program."

PART XI. EFFECTIVE DATE

SECTION 11. Except as otherwise provided, this act is effective when it becomes law.