

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

H.B. 962
May 1, 2024
HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40546-MQa-111

Short Title: Governor's Budget.

(Public)

Sponsors: Representative Lambeth.

Referred to:

A BILL TO BE ENTITLED
AN ACT TO MODIFY THE CURRENT OPERATIONS APPROPRIATIONS ACT OF 2023
AND TO MAKE OTHER CHANGES IN THE BUDGET OPERATIONS OF THE STATE.
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 2024."

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Appropriations from the General Fund for the 2024-2025 fiscal year set out in Section 2.1(a) of S.L. 2023-134 are repealed. Appropriations from the General Fund for the budgets of the State departments, institutions, and agencies, and for other purposes as enumerated, are made for the 2024-2025 fiscal year, according to the following schedule:

Current Operations – General Fund

FY 2024-2025

EDUCATION

North Carolina Community College System

Requirements

2,107,465,642

Less: Receipts

428,408,799

Net Appropriation

1,679,056,843

Department of Public Instruction

Requirements

14,875,741,928



1	Less: Receipts	1,818,798,621
2	Net Appropriation	13,056,943,307
3		
4	THE UNIVERSITY OF NORTH CAROLINA	
5	East Carolina Univ. – Academic Affairs	
6	Requirements	435,157,458
7	Less: Receipts	168,350,410
8	Net Appropriation	266,807,048
9		
10	East Carolina Univ. – Health Affairs	
11	Requirements	114,341,160
12	Less: Receipts	13,587,770
13	Net Appropriation	100,753,390
14		
15	Elizabeth City State University	
16	Requirements	50,985,154
17	Less: Receipts	4,824,784
18	Net Appropriation	46,160,370
19		
20	Fayetteville State University	
21	Requirements	91,811,366
22	Less: Receipts	13,099,820
23	Net Appropriation	78,711,546
24		
25	Appalachian State University	
26	Requirements	313,413,598
27	Less: Receipts	124,504,786
28	Net Appropriation	188,908,812
29		
30	NC A&T University	
31	Requirements	240,062,658
32	Less: Receipts	88,842,760
33	Net Appropriation	151,219,898
34		
35	NC School of Science and Mathematics	
36	Requirements	45,331,072
37	Less: Receipts	3,291,677
38	Net Appropriation	42,039,395
39		
40	NC State University – Academic Affairs	
41	Requirements	954,304,072
42	Less: Receipts	438,387,357
43	Net Appropriation	515,916,715
44		
45	NC State University – Ag. Research	
46	Requirements	79,228,032
47	Less: Receipts	19,124,784
48	Net Appropriation	60,103,248
49		
50	NC State University – Coop. Extension	
51	Requirements	64,983,558

1	Less: Receipts	18,874,550
2	Net Appropriation	46,109,008
3		
4	North Carolina Central University	
5	Requirements	144,633,692
6	Less: Receipts	53,010,459
7	Net Appropriation	91,623,233
8		
9	UNC at Asheville	
10	Requirements	73,465,728
11	Less: Receipts	23,040,857
12	Net Appropriation	50,424,871
13		
14	UNC at Chapel Hill – Academic Affairs	
15	Requirements	723,833,122
16	Less: Receipts	376,959,533
17	Net Appropriation	346,873,589
18		
19	UNC at Chapel Hill – Area Health Ed.	
20	Requirements	59,771,874
21	Less: Receipts	0
22	Net Appropriation	59,771,874
23		
24	UNC at Chapel Hill – Health Affairs	
25	Requirements	369,568,724
26	Less: Receipts	138,758,876
27	Net Appropriation	230,809,848
28		
29	UNC at Charlotte	
30	Requirements	486,757,239
31	Less: Receipts	179,817,408
32	Net Appropriation	306,939,831
33		
34	UNC at Greensboro	
35	Requirements	314,889,872
36	Less: Receipts	117,357,588
37	Net Appropriation	197,532,284
38		
39	UNC at Pembroke	
40	Requirements	125,508,626
41	Less: Receipts	27,326,770
42	Net Appropriation	98,181,856
43		
44	UNC at Wilmington	
45	Requirements	314,796,162
46	Less: Receipts	115,848,896
47	Net Appropriation	198,947,266
48		
49	UNC BOG – Aid to Private Institutions	
50	Requirements	14,209,300
51	Less: Receipts	10,000,000

1	Net Appropriation	4,209,300
2		
3	UNC BOG – Institutional Programs	
4	Requirements	732,308,786
5	Less: Receipts	60,250,000
6	Net Appropriation	672,058,786
7		
8	UNC BOG – Related Ed. Programs	
9	Requirements	641,280,089
10	Less: Receipts	167,855,939
11	Net Appropriation	473,424,150
12		
13	UNC School of the Arts	
14	Requirements	56,488,236
15	Less: Receipts	17,148,612
16	Net Appropriation	39,339,624
17		
18	UNC System Office	
19	Requirements	47,640,384
20	Less: Receipts	259,217
21	Net Appropriation	47,381,167
22		
23	Western Carolina University	
24	Requirements	186,734,561
25	Less: Receipts	30,671,875
26	Net Appropriation	156,062,686
27		
28	Winston-Salem State University	
29	Requirements	93,110,088
30	Less: Receipts	23,599,718
31	Net Appropriation	69,510,370
32		
33	HEALTH AND HUMAN SERVICES	
34	Aging and Adult Services	
35	Requirements	175,848,316
36	Less: Receipts	120,859,697
37	Net Appropriation	54,988,619
38		
39	Central Management and Support	
40	Requirements	560,960,453
41	Less: Receipts	295,358,595
42	Net Appropriation	265,601,858
43		
44	Child and Family Well-Being	
45	Requirements	628,751,349
46	Less: Receipts	550,449,233
47	Net Appropriation	78,302,116
48		
49	Child Development and Early Education	
50	Requirements	1,599,459,055
51	Less: Receipts	671,848,539

1	Net Appropriation	927,610,516
2		
3	Emp. & Indep. for People with Disabilities	
4	Requirements	201,072,005
5	Less: Receipts	152,965,037
6	Net Appropriation	48,106,968
7		
8	Health Benefits	
9	Requirements	32,779,319,648
10	Less: Receipts	26,081,635,238
11	Net Appropriation	6,697,684,410
12		
13	Health Services Regulation	
14	Requirements	85,597,916
15	Less: Receipts	57,084,858
16	Net Appropriation	28,513,058
17		
18	Mental Hlth./Dev. Disabl./Subs. Use Serv.	
19	Requirements	1,963,841,323
20	Less: Receipts	1,101,049,960
21	Net Appropriation	862,791,363
22		
23	Public Health	
24	Requirements	515,281,812
25	Less: Receipts	362,850,527
26	Net Appropriation	152,431,285
27		
28	Services for the Blind/Deaf/Hard of Hearing	
29	Requirements	50,567,264
30	Less: Receipts	39,896,340
31	Net Appropriation	10,670,924
32		
33	Social Services	
34	Requirements	2,266,843,734
35	Less: Receipts	2,027,527,259
36	Net Appropriation	239,316,475
37		
38	AGRICULTURE, NATURAL, AND ECONOMIC RESOURCES	
39	Agriculture and Consumer Services	
40	Requirements	305,391,185
41	Less: Receipts	92,158,909
42	Net Appropriation	213,232,276
43		
44	Commerce	
45	Requirements	532,397,044
46	Less: Receipts	287,093,455
47	Net Appropriation	245,303,589
48		
49	Environmental Quality	
50	Requirements	418,451,906
51	Less: Receipts	189,844,998

1	Net Appropriation	228,606,908
2		
3	Labor	
4	Requirements	47,705,202
5	Less: Receipts	18,112,941
6	Net Appropriation	29,592,261
7		
8	Natural and Cultural Resources	
9	Requirements	423,639,900
10	Less: Receipts	54,842,950
11	Net Appropriation	368,796,950
12		
13	Wildlife Resources Commission	
14	Requirements	101,711,069
15	Less: Receipts	81,855,762
16	Net Appropriation	19,855,307
17		
18	JUSTICE AND PUBLIC SAFETY	
19	Indigent Defense Services	
20	Requirements	189,928,261
21	Less: Receipts	13,962,679
22	Net Appropriation	175,965,582
23		
24	Department of Public Safety	
25	Requirements	919,555,747
26	Less: Receipts	193,653,989
27	Net Appropriation	725,901,758
28		
29	State Bureau of Investigation	
30	Requirements	77,537,719
31	Less: Receipts	21,057,226
32	Net Appropriation	56,480,493
33		
34	Department of Adult Correction	
35	Requirements	2,187,551,408
36	Less: Receipts	28,612,230
37	Net Appropriation	2,158,939,178
38		
39	Administrative Office of the Courts	
40	Requirements	832,763,685
41	Less: Receipts	6,210,166
42	Net Appropriation	826,553,519
43		
44	Department of Justice	
45	Requirements	121,010,020
46	Less: Receipts	45,147,562
47	Net Appropriation	75,862,458
48		
49	GENERAL GOVERNMENT	
50	Administration	
51	Requirements	86,670,340

1	Less: Receipts	12,636,055
2	Net Appropriation	74,034,285
3		
4	Administrative Hearings	
5	Requirements	9,828,367
6	Less: Receipts	1,216,625
7	Net Appropriation	8,611,742
8		
9	Auditor	
10	Requirements	27,234,163
11	Less: Receipts	6,899,163
12	Net Appropriation	20,335,000
13		
14	Budget and Management	
15	Requirements	16,264,365
16	Less: Receipts	3,659,972
17	Net Appropriation	12,604,393
18		
19	Budget and Management – Special Approp.	
20	Requirements	62,275,000
21	Less: Receipts	51,725,000
22	Net Appropriation	10,550,000
23		
24	Controller	
25	Requirements	38,476,134
26	Less: Receipts	875,957
27	Net Appropriation	37,600,177
28		
29	Elections	
30	Requirements	12,404,913
31	Less: Receipts	102,000
32	Net Appropriation	12,302,913
33		
34	General Assembly	
35	Requirements	104,311,881
36	Less: Receipts	561,000
37	Net Appropriation	103,750,881
38		
39	Governor	
40	Requirements	8,601,199
41	Less: Receipts	1,000,730
42	Net Appropriation	7,600,469
43		
44	Housing Finance Agency	
45	Requirements	120,040,000
46	Less: Receipts	109,380,000
47	Net Appropriation	10,660,000
48		
49	Human Resources	
50	Requirements	12,325,864
51	Less: Receipts	100,888

1	Net Appropriation	12,224,976
2		
3	Industrial Commission	
4	Requirements	25,213,564
5	Less: Receipts	20,739,136
6	Net Appropriation	4,474,428
7		
8	Insurance	
9	Requirements	97,749,880
10	Less: Receipts	25,140,347
11	Net Appropriation	72,609,533
12		
13	Lieutenant Governor	
14	Requirements	1,404,464
15	Less: Receipts	0
16	Net Appropriation	1,404,464
17		
18	Military and Veterans Affairs	
19	Requirements	14,226,118
20	Less: Receipts	400,000
21	Net Appropriation	13,826,118
22		
23	Revenue	
24	Requirements	197,650,218
25	Less: Receipts	68,697,348
26	Net Appropriation	128,952,870
27		
28	Secretary of State	
29	Requirements	21,812,308
30	Less: Receipts	330,036
31	Net Appropriation	21,482,272
32		
33	Treasurer	
34	Requirements	80,840,237
35	Less: Receipts	80,631,163
36	Net Appropriation	209,074
37		
38	Treasurer – Other Retirement Plans/Benefits	
39	Requirements	22,923,708
40	Less: Receipts	0
41	Net Appropriation	22,923,708
42		
43	INFORMATION TECHNOLOGY	
44	Department of Information Technology	
45	Requirements	116,435,543
46	Less: Receipts	31,479,233
47	Net Appropriation	84,956,310
48		
49	RESERVES AND LOTTERY	
50	General Fund Reserve	
51	Requirements	816,291,122

1	Less: Receipts	694,265,711
2	Net Appropriation	122,025,411
3		
4	Total Requirements	72,635,987,590
5	Less: Total Receipts	38,089,420,380
6	Total Net Appropriation	34,546,567,210

7

8 **SECTION 2.1.(b)** For purposes of this act and the Committee Report described in

9 Section 43.2 of this act, the requirements set forth in this section represent the total amount of

10 funds, including agency receipts, appropriated to an agency, department, or institution.

11 **GENERAL FUND AVAILABILITY**

12 **SECTION 2.2.(a)** The General Fund availability for the 2024-2025 fiscal year set

13 out in Section 2.2(a) of S.L. 2023-134 is repealed. The General Fund availability derived from

14 State tax revenue, nontax revenue, and other adjustments used in developing the budget for the

15 2024-2025 fiscal year is as follows:

16		FY 2024-2025
17		
18	Unappropriated Balance	1,564,437,931
19	Overcollections Consensus Estimate FY 2023-24	413,138,702
20	Reversions FY 2023-24 (S.L. 2023-134)	300,000,000
21	Additional Reversions	200,000,000
22	Total, Estimated Beginning Unreserved Balance	2,477,576,633

23 **Investments to Reserves per S.L. 2023-134**

24		
25	State Capital and Infrastructure (SCIF)	(1,461,333,238)
26	Additional Transfer to SCIF	(700,000,000)
27	Clean Water and Drinking Water Reserve	(1,000,000,000)
28	Economic Development Reserve	(100,000,000)
29	Transportation Reserve	(100,000,000)
30	State Emergency Response and Disaster Relief Fund	(75,000,000)
31	Housing Reserve	(60,000,000)
32	NC Innovation Reserve Shifted to Child Care	0
33	Medicaid Contingency Reserve	0
34	Savings Reserve	0
35	Total, Investments to Reserves	(3,496,333,238)

36 **Adjustments to Reserves**

37	Invest Inflation Reserve	1,000,000,000
38	Total, Adjustments to Reserves	1,000,000,000

39 **Revenues**

40	Certified Tax Revenue (S.L. 2023-42; S.L. 2023-134)	31,884,670,000
41	Certified Non-Tax Revenue (S.L. 2023-7; S.L. 2023-42; S.L. 2023-93;	
42	S.L. 2023-134)	1,480,876,093
43	Consensus Forecast Adjustment	1,003,753,907
44	Total, Revenues	34,369,300,000

45 **Adjustments to Revenues**

46	Individual Income Tax Fairness, Rate at 4.5% for Income	
47	>\$200K/100K (MFJ/single)	126,900,000

1	Maintain Lowest Corporate Income Tax Rate at 2.5%	74,200,000
2	Maintain General Fund Sales Tax Transfer to DOT at 4%	236,900,000
3	Child and Dependent Care Tax Credit	(57,800,000)
4	Conservation Tax Credit	(4,700,000)
5	Total, Adjustments to Revenues	375,500,000

Adjustments to Availability

8	Insurance Non-Tax Transfer	19,321,482
9	Total, Adjustments to Availability	19,321,482

11 **Revised Total Net General Fund Availability** **34,745,364,877**

13 Less General Fund Net Appropriations (34,546,567,210)

15 **Unappropriated Balance Remaining** **198,797,677**

17 **SECTION 2.2.(b)** Notwithstanding the provisions of G.S. 143C-4-2.(i) and (j), no funds shall be transferred to the Unfunded Liability Solvency Reserve in fiscal year 2024-2025.

19 **SECTION 2.2.(c)** Section 2.2(q) of S.L. 2022-74 is repealed.

20 **SECTION 2.2.(d)** Section 2.2(c) of S.L. 2023-134 reads as rewritten:

21 "SECTION 2.2.(c) Medicaid Contingency Reserve. – 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 ~~and the sum of two hundred fifty million dollars (\$250,000,000) in nonrecurring funds for the 2024-2025 fiscal year.~~"

26 **SECTION 2.2.(e)** Section 2.2(h) of S.L. 2023-134 reads as rewritten:

27 "SECTION 2.2.(h) Economic Development Project Reserve. – 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 six hundred thirty million dollars (\$630,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of one hundred million dollars (\$100,000,000) for the 2024-2025 fiscal year. The State Controller shall transfer funds available in the Economic Development Project Reserve to State agencies and departments for economic development initiatives in accordance with the following schedule, and the funds transferred are appropriated for the fiscal year in which they are transferred:

36	State Agency or Department	2023-2024	2024-2025
38	(1) Department of Commerce		
39	(Budget Code: 14601)	\$10,000,000	\$0
40	(2) <u>Department of Commerce</u>		
41	(Budget Code 14600)	0	<u>3,000,000</u>
42	(2) Department of Commerce		
43	(Budget Code: 14602)	10,600,000	108,400,000 <u>186,400,000</u>
44	(3) Department of Environmental Quality		
45	(Budget Code: 14300)	1,000,000	0
46	(4) <u>Department of Transportation</u>		
47	(Budget Code: 84210)	0	<u>150,000,000</u>
48	(5) <u>Central Carolina Community College</u>	0	<u>40,000,000"</u>

50 **SECTION 2.2.(f)** Section 2.2(i) of S.L. 2023-134 reads as rewritten:

"SECTION 2.2.(i) Housing Reserve. – The State Controller shall reserve to the Housing Reserve established in Section 2.2(k) of S.L. 202274 from funds available in the General Fund the sum of forty-five million dollars (\$45,000,000) in nonrecurring funds for the 20232024 fiscal year and the sum of ~~forty-five~~ sixty million dollars ~~(\$45,000,000)~~ (\$60,000,000) in nonrecurring funds for the 20242025 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 forty five million dollars (\$45,000,000) in nonrecurring funds for the 20232024 fiscal year and the sum of ~~fortyfive~~ sixty million dollars ~~(\$45,000,000)~~ (\$60,000,000) in nonrecurring funds for the 20242025 fiscal year, and those funds are appropriated for the fiscal year in which they are transferred."

SECTION 2.2.(g) Section 2.2(k) of S.L. 2023-134 reads as rewritten:

"SECTION 2.2.(k) NCInnovation. – There is established in the General Fund an NCInnovation Reserve to make funds available for NCInnovation, Inc. (NCInnovation), a North Carolina nonprofit corporation, for the purposes set out 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 two hundred fifty million dollars (\$250,000,000) in nonrecurring funds for the 2023-2024 fiscal year ~~and the sum of two hundred fifty million dollars (\$250,000,000) in nonrecurring funds for the 2024-2025 fiscal year.~~ The State Controller shall transfer portions of the funds in the NCInnovation Reserve to the Department of Commerce (Department) as provided in this subsection, and these funds are hereby appropriated to the Department for allocation to NCInnovation for purposes consistent with Section 11.9 of this act. The required transfers are as follows:

- (1) Two hundred fifty million dollars (\$250,000,000) upon the Department certifying to the State Controller that NCInnovation has met the requirements set out in Article 76B of Chapter 143 of the General Statutes, as enacted by Section 11.9 of this act.
- (2) ~~Two hundred fifty million dollars (\$250,000,000) upon the later of July 1, 2024, or the Department certifying to the State Controller that NCInnovation has met the following requirements:~~
 - ~~a. NCInnovation has established a network of regional innovation hubs with at least four regional innovation hubs.~~
 - ~~b. NCInnovation has completed (i) research, technology, and innovation studies of the four regional innovation hubs to maximize local educational research efforts and the commercialization of those efforts to meet regional needs and (ii) a statewide strategic technology development plan.~~
 - ~~c. NCInnovation has produced and provided to the Joint Legislative Commission on Governmental Operations detailed spending plans and performance management programs for awarding funds.~~
 - ~~d. NCInnovation has received written commitments for private contributions totaling at least twenty five million dollars (\$25,000,000) to be received within four years of receipt of the endowment.~~
 - ~~e. NCInnovation has reported, at least semiannually, to the Joint Legislative Commission on Governmental Operations on the progress of meeting the requirements of this subdivision."~~

SECTION 2.2.(h) Section 2.2(p) of S.L. 2023-134 reads as rewritten:

"SECTION 2.2.(p) Federal Infrastructure Match Reserve. – The State Controller shall reserve to the Federal Infrastructure Match Reserve established in Section 2.2(m) of S.L. 2022-74 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 forty-five million dollars

(\$45,000,000) in the 2024-2025 fiscal year. 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) Department of Commerce (Budget Code: 14600)	\$250,000	\$250,000
(2) Department of Environmental Quality (Budget Code: 14300)	850,000	850,000
(3) Department of Environmental Quality (Budget Code: 24300)	1,388,921	1,388,921
(4) Department of Environmental Quality (Budget Code: 64305)	500,000	500,000
(5) Department of Environmental Quality (Budget Code: 64311)	3,975,123	8,675,950
(6) Department of Environmental Quality (Budget Code: 64320)	6,605,875	14,417,727
(7) Office of State Budget and Management (Budget Code: 13005)	10,000,000	<u>045,000,000"</u>

SECTION 2.2.(i) Section 2.2(r) of S.L. 2023-134 is repealed.

SECTION 2.2.(j) The State Controller shall transfer the sum of forty-six million five hundred thirty one thousand eight hundred twenty nine dollars (\$46,531,829) from the unreserved fund balance in the General Fund to the Information Technology Reserve. The following information technology projects are funded from the Information Technology Reserve: The Department of Health and Human Services' North Carolina Database Application for Vital Events (NCDAVE) self-service portal and enhancements.

- (1) The Department of Health and Human Services' Medical Examiner Information Technology System.
- (2) The Department of Natural and Cultural Resources' network infrastructure upgrades.
- (3) The Department of Information Technology's modernization of Tanium Endpoint Detection and Response.
- (4) The Department of Public Instruction's School Business Systems Modernization ERP Grant Program.
- (5) The Department of Justice's North Carolina Justice Data Portal data consolidation.
- (6) The Office of State Budget and Management's Integrated Budget Information System (IBIS) Replacement.
- (7) The Department of Human Resources' Human Capital Management System Phase I and Phase II.
- (8) The Department of Human Resources' HR Data Analytics Application.
- (9) The State Board of Elections' Election Management System (SEIMS) software modernization.
- (10) The State Bureau of Investigation's modernization of investigation platforms.
- (11) The Secretary of State's database modernization project and program for automating certain business service processes.

Funds appropriated to the Information Technology Reserve shall be allocated by the Director of the State Budget in consultation with the State Chief Information Officer and the head of the department with primary ownership over the information technology project. Funds shall be allocated based on documented needs. Funds transferred under this section to the Information

Technology Reserve are appropriated for the life of the project and shall be used in accordance with this act.

SECTION 2.2.(k) Section 2.2(e) of S.L. 2023-134 reads as rewritten:

"SECTION 2.2.(e) SERDRF. – 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 seventy-five million dollars (\$75,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of seventy-five million dollars (\$75,000,000) 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 for the purposes described in Section 5.6 of this act and in accordance with the following schedule. The funds transferred are appropriated for the five-year period ending June 30, 2028.

State Agency or Department	2023-2024	2024-2025
(1) Emergency Management (Budget Code: 24552)	\$174,601,092	\$0
<u>(1a) Department of Public Safety (Budget Code: 14550)</u>	<u>0</u>	<u>5,000,000</u>
(2) Office of State Budget and Management – Special Appropriations (Budget Code: 13085)	22,255,000	<u>05,000,000</u>
<u>(2a) Office of State Budget and Management – General Fund – Special Revenue (Budget Code: 23014)</u>	<u>0</u>	<u>75,000,000</u>
<u>(2b) OSBM – Tropical Storm Fred DR (Budget Code: 23024)</u>	<u>0</u>	<u>2,500,000</u>
(3) DACS–Soil & Water Conservation (Budget Code: 23704)	20,000,000	<u>021,000,000</u>
<u>(3a) DACS (Budget Code 13700)</u>	<u>0</u>	<u>300,000</u>
(4) Department of Insurance (Budget Code: 63903)	20,000,000	0
<u>(4a) Department of Insurance (Budget Code: 13900)</u>	<u>0</u>	<u>20,000,000</u>
(5) Department of Environmental Quality (Budget Code: 14300)	7,500,000	0
<u>(5a) Department of Environmental Quality (Budget Code: 24300)</u>	<u>0</u>	<u>4,000,000</u>
(6) Department of Environmental Quality – Disaster (Budget Code: 24310)	10,493,953	987,906
(6a) Wildlife Resources Commission (Budget Code: 14350)	11,000,000	0
(7) DEQ – Special Revenue (Budget Code: 24317)	10,000,000	10,000,000
(8) UNC at Chapel Hill – Academic Affairs (Budget Code: 16020)	330,000	330,000
(9) NC School of Science & Math (Budget Code: 16094)	264,000	0
(10) North Carolina Central University (Budget Code: 16090)	50,000	0"

PART III. HIGHWAY FUND AND HIGHWAY TRUST FUND

CURRENT OPERATIONS/HIGHWAY FUND

SECTION 3.1. The appropriations for the State Highway Fund for the 2024-2025 fiscal year set out in Section 3.1 of S.L. 2023-134 are repealed. 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 year ending June 30, 2025 according to the following schedule:

Highway Fund	FY 2024-2025
Administration	147,623,011
Division of Highways	
Administration	40,389,207
Construction	77,543,078
Maintenance	2,177,551,082
Governor's Highway Safety Program	613,391

1	OSHA	358,030
2		
3	Aid to Municipalities	
4	Powell Bill	185,875,000
5		
6	Intermodal Divisions	
7	Ferry	76,929,849
8	Public Transportation, Bicycle and Pedestrian	82,510,286
9	Aviation	160,274,429
10	Rail	55,299,938
11		
12	Division of Motor Vehicles	149,165,896
13		
14	Other State Agencies, Reserves, Transfers	84,848,940
15		
16	Capital Improvements	43,571,863
17		
18	Total Highway Fund Appropriations	\$3,282,554,000

HIGHWAY FUND AVAILABILITY

SECTION 3.2. The Highway Fund availability for the 2024-2025 fiscal year in Section 3.2 of S.L. 2023-134 is repealed. The Highway Fund availability used in adjusting the 2024-2025 fiscal year budget is shown below:

24		FY 2024-2025
25	Beginning Balance	\$65,000,000
26		
27	Consensus Revenue Forecast	
28	Motor Fuels Tax	1,848,200,000
29	Licenses and Fees	1,077,700,000
30	Short-Term Lease	118,800,000
31	Investment Income	52,400,000
32	Sales Tax Transfer	118,500,000
33		
34	Adjustments to Availability	
35	Title Fees – Transfer from Highway Trust Fund	1,954,000
36		
37	Total Highway Fund Availability	\$3,282,554,000

HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 3.3. The appropriations for the State Highway Trust Fund for the 2024-2025 fiscal year set out in Section 3.3 of S.L. 2023-134 are repealed. Appropriations from the State Highway Trust Fund to the Department of Transportation for construction and other purposes as enumerated are made for the fiscal year ending June 30, 2025, according to the following schedule:

46	Current Operations – Highway Trust Fund	FY 2024-2025
47	Program Administration	42,467,867
48	Bonds	121,436,775
49	Turnpike Authority	49,000,000
50	State Ports Authority	45,000,000
51	Strategic Prioritization Funding Plan for	

1	Transportation Investments	2,060,701,358
2	Transfer to Visitor Center	640,000
3	Total Highway Trust Fund Appropriations	\$2,319,246,000

HIGHWAY TRUST FUND AVAILABILITY

SECTION 3.4. The Highway Trust Fund availability for the 2024-2025 fiscal year set out in Section 3.4 of S.L. 2023-134 is repealed. The Highway Trust Fund availability used in adjusting the 2023-2024 fiscal year budget is shown below:

		FY 2024-2025
10	Beginning Balance	\$31,300,000
12	Consensus Revenue Forecast	
13	Highway Use Tax	1,131,400,000
14	Motor Fuels Tax	613,900,000
15	Fees	169,000,000
16	Investment Income	20,200,000
17	Sales Tax Transfer	355,300,000
19	Adjustments to Availability	
20	Title Fees – Transfer to Highway Fund	(1,954,000)
22	Total Highway Trust Fund Availability	\$2,319,146,000

PART IV. OTHER AVAILABILITY AND APPROPRIATIONS**EDUCATION LOTTERY FUNDS/CHANGES TO REVENUE ALLOCATIONS**

SECTION 4.1.(a) Section 4.3(a) of S.L. 2023-134 reads as rewritten:

"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	\$385,914,455	\$385,914,455	<u>\$415,914,455</u>
Prekindergarten Program	78,252,110	\$78,252,110	<u>111,152,110</u>
School Health Personnel	0	8,100,000	
Public School Building Capital Fund	100,000,000	100,000,000	
Needs-Based Public School Capital Fund	254,252,612	258,252,612	
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	<u>\$1,006,000,000</u>

INDIAN GAMING EDUCATION REVENUE FUND APPROPRIATIONS

SECTION 4.2.(a) Section 4.4(a) of S.L. 2023-134 reads as rewritten:

"SECTION 4.4.(a) Allocations are made from the Indian Gaming Education Revenue Fund for the fiscal biennium ending June 30, 2025, as follows:
FY 2023-2024 FY 2024-2025

Textbook and Digital Resources Allotment	\$10,000,000	\$10,000,000
Classroom Materials	11,000,000	1,000,000 <u>6,000,000</u>
Total Appropriation	\$21,000,000	\$11,000,000 <u>\$16,000,000</u>

CIVIL PENALTY AND FORFEITURE FUND

SECTION 4.3. Section 4.5 of S.L. 2023-134 reads as rewritten:
"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 31,493,768 31,493,768
 State Public School Fund 226,041,640 ~~166,041,640~~ 191,041,640
 Total Appropriation \$275,535,408 ~~\$215,535,408~~ \$240,535,408"

ARPA TEMPORARY SAVINGS FUND

SECTION 4.4. Section 4.9.(d) of S.L. 2023-134 reads as rewritten:
"SECTION 4.9.(d) Priority of Disbursement of Funds in the 2024-2025 Fiscal Year. – For the 2024-2025 fiscal year, funds appropriated in this act from the ARPA Temporary Savings Fund and allocated as described in this act, or in the Committee Report described in Section 43.2 of this act, shall be disbursed in the following order:

- (1) East Carolina University – Health Affairs (Budget Code 16066) for ECU Primary Care Programs Expansion.
- (2) The Department of Public Instruction (Budget Code 13510) for Health Career Promotion.
- (3) UNC BOG – Institutional Programs (Budget Code 16011) for Rural Residency Medical Education and Training Fund.
- (4) The Department of Health and Human Services, Division of Health Benefits, (Budget Code 14445) for Federally Qualified Health Centers and Rural Health Clinics.
- (5) UNC BOG – Related Education Programs (Budget Code 16012) for Primary Care Providers and Psychiatrists Forgivable Loan Program.
- (6) UNC at Pembroke (Budget Code 16082) for UNCP Health Sciences.
- (7) NC Community College System (Budget Code 16800) for Nursing and Health-Related Workforce Programs Start-up Funds.
- (8) The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services, (Budget Code 14460) for State Facility Workforce Investment.
- (9) The Department of Health and Human Services, Central Management and Support, Office of Rural Health (Budget Code 14410) for Incentives for Health Providers in Rural and Underserved Areas.
- (10) Department of Health and Human Services Division of Child and Family Well-Being for the School Behavioral Health Package.
- (11) The Department of Health and Human Services Division of Aging and Adult Services for Rural Aging in Place.
- (12) The Department of Health and Human Services Division of Social Services for State Aid to County Departments of Social Services

DEPARTMENT OF HEALTH AND HUMAN SERVICES DIVISION OF HEALTH BENEFITS FOR MEDICAID ADMINISTRATION AND HEALTHY OPPORTUNITIES STATEWIDE EXPANSION.

- ~~(10)~~ (14) In order of least to most, all remaining allocations that are not allocations made through funds appropriated to the State Capital and Infrastructure Fund.
- ~~(11)~~ (15) In order of least to most, allocations made through funds appropriated to the State Capital and Infrastructure Fund.

If there are two or more allocations in subdivision (10) or subdivision (11) of this subsection that are of equal amounts, then the funds for those allocations shall be disbursed in the order determined by the Secretary of DHHS, taking into account any time lines for the use of the funds,

the best interest of the citizens of the State, and the avoidance of any disruption in services to those citizens.

...."

PART V. GENERAL PROVISIONS

APPROPRIATION OF RECENT FEDERAL GRANT, SUBSIDIES, LOANS, AND REBATES

SECTION 5.1.(a) Funds received from federal programs authorized under the Bipartisan Infrastructure Law (BIL) (P.L. 117-58 (also known as the Infrastructure Investment and Jobs Act (IIJA)), the Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Act (P.L. 117-167), and the Inflation Reduction Act (IRA) (P.L. 117-169) are appropriated in the amounts provided in the notification of award from the federal government or any entity acting on behalf of the federal government to administer the federal funds. State agencies may, with approval of the Director of the Budget, spend funds received from federal grants, subsidies, loans, and rebates resulting from enactment of this legislation. 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.

SECTION 5.1.(b) The Office of State Budget and Management shall work with the recipient State agencies to budget funding 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 awards 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 5.1.(c) Section 4.2 of S.L. 2023-134 shall not apply to grant funds received under BIL, the CHIPS and Science Act, or IRA.

OTHER RECEIPTS FROM PENDING GRANT AWARDS

SECTION 5.2.(a) Section 4.2.(a) of S.L. 2023-134 reads as rewritten:

"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)~~ five million dollars (\$5,000,000). 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 FISCAL RECOVERY FUND REALLOCATIONS

SECTION 5.3.(a) Notwithstanding any provision of law, the North Carolina Pandemic Recovery Office (NCPRO) shall reallocate one hundred thirty-one million eight hundred and eighty-seven thousand eight hundred and eighty-two dollars (\$131,887,882) in unexpended State Fiscal Recovery Funds (SFRF) as follows:

- (1) \$9,000,000 to provide local assistance, split evenly between the NC League of Municipalities, the NC Association of Regional COGs, and the NC Association of County Commissioners.
- (2) \$3,327,585 from the Smart School Bus program within the Department of Public Instruction to the School Bus Safety program.

(3) \$100,000,000 from the Broadband Make Ready Accelerator program within the Department of Information Technology to the Completing Access to Broadband program.

(4) \$19,560,298 to the Department of Environmental Quality for unexpected expenses, project overruns, and other necessary costs of existing Viable Utility Reserve and Local Assistance for Stormwater Infrastructure Investments program grants.

SECTION 5.3.(b) Notwithstanding any provision of law, NCPRO, in consultation with the Director of the Budget, may reallocate SFRF appropriated by this act or any of the following acts:

(1) S.L. 2021-180.

(2) S.L. 2021-189.

(3) S.L. 2022-6.

(4) S.L. 2022-74.

(5) S.L. 2023-134.

These State Fiscal Recovery Funds may be reallocated under all of the following conditions only:

(1) The appropriated funds are unobligated on September 30, 2024.

(2) There is not a reasonable expectation that the funds will be obligated before the deadline established by applicable federal law or guidance.

(3) The reallocation is made to support one or more SFRF related activities authorized and receiving appropriations under this act or one of the acts listed in the Requirements above within this Section. Reallocated funds shall not be used for any new activity, purpose, or program.

(4) To the extent that funds reallocated pursuant to this section are unappropriated, those funds are hereby appropriated and available for use pursuant to this section.

SECTION 5.3.(c) Section 9G.8.(a)(2)b of S.L. 2021-180 reads as rewritten:

"SECTION 9G.8.(a)

...

(2) \$117,187,500 in nonrecurring funds shall be used to fund a program for lead paint abatement and asbestos abatement in public school units and child care facilities. As part of the program, public school units and child care facilities shall be required to conduct inspections for lead paint and asbestos hazards in their facilities. The program shall include at least the following components:

a. DHHS and DPI shall develop a mechanism for providing funding for lead paint abatement, asbestos inspection and abatement, or both in public school units and child care facilities; provided, however, that the following conditions are met:

1. A professional accredited in accordance with G.S. 130A-447 or certified in accordance with G.S. 130A-453.03 determines that action must be taken in response to an inspection report.

2. Lead paint, asbestos, or both are detected as part of an inspection or as part of a capital, renovation, or repair project that meets the lead-based paint hazard level, as set forth in G.S. 130A-131.7, or that meets the definition of asbestos containing material, as set forth in G.S. 130A-444. Capital projects may include HVAC, window, or other ventilation projects related to COVID-19 mitigation, or other capital, renovation, or repair projects undertaken for which a hazard has been identified during calendar years 2021 through 2024.

- b. A requirement that public school unit recipients of funds in Tier 3 counties allocated under this subdivision shall provide matching funds in the amount of one dollar (\$1.00) of local funds for every two dollars (\$2.00) of State funds.
- c. The Commission for Public Health, Child Care Commission, and State Board of Education shall adopt rules as needed to implement this subdivision."

SECTION 5.3.(d). G.S. 143B-1373.1 reads as rewritten:

"§ 143B-1373.1. Completing Access to Broadband program.

...

(c) In collaboration with the Broadband Infrastructure Office, a county may request funding under this section for either a defined eligible project area that is mutually identified by the county and the Office or for a project that was not awarded a grant in the most recent round of grant awards under G.S. 143B-1373. All identified projects shall be subject to the bid process requirements in this subsection. In selecting project areas to receive funding, the Office shall give priority to eligible areas that a county has requested funding for based upon utilizing the Office's Community Broadband Planning Playbook and those counties that meet the criteria established in subsection (e) of this section. The Department shall utilize its authority under Part 4 of this Article to develop competitive bid processes for the procurement of the construction, installation, and operation of broadband infrastructure. Notwithstanding Article 8 of Chapter 143 of the General Statutes, or any other provision of law to the contrary, the Department may delegate to a county the authority to select a provider for the project area in accordance with Part 4 of this Article. The Department shall reserve the authority to approve the selection of a county pursuant to this subsection. Unless the county has bid processes acceptable to the Office, the Office shall utilize customizable forms and procedures developed by the Department for the purposes of this subsection. Selections made pursuant to this subsection are not subject to the Department's administrative review authority under Article 3A of Chapter 150B of the General Statutes or the Department's administrative rules regarding information technology bid protests and contested case procedures. Selection of project areas shall be subject to the protections provided in G.S. 143B-1373(c). In conjunction with the bid process, a proposed project area shall be posted on the Department's website for a period of at least 10 days. Upon submission of credible evidence, a broadband service provider may request a project scope adjustment to the Office in accordance with G.S. 143B-1373(e). Upon a finding that the evidence submitted by the broadband service provider is credible, the Office shall work with the county to amend the scope of the project. The Office shall develop and administer any agreement entered into pursuant to this section. Nothing in this subsection shall be deemed to grant authority for a county to own, operate, or otherwise control broadband infrastructure contracted for under this section.

(d) A broadband service provider selected for a project under this section may provide ~~up to thirty percent (30%)~~ a match of at least twenty-five percent (25%) of the total estimated project cost. The Office may commit up to ~~thirty-five percent (35%)~~ seventy-five percent (75%) of the total estimated project cost from monies in the CAB Fund. A county requesting a project may provide up to fifty percent (50%) of the service provider's required match of the estimated project cost. ~~The county requesting the project shall be responsible for at least thirty-five percent (35%) of the total estimated project cost and shall utilize federal American Rescue Plan Act (P.L. 117-2) funds or nonrestricted general funds for that purpose.~~ In the event CAB Fund monies are insufficient to fund a project, a county or provider may increase its share of the total estimated project cost, or the Office may adjust the scope of the project to meet the level of available funding. ~~No county may receive more than eight million dollars (\$8,000,000) in aggregate funding from the CAB Fund in any single fiscal year.~~

(e) The Office shall prioritize projects for which a county is contributing a portion of the service provider's required match of the total estimated project cost. No county may receive more

than eight million dollars (\$8,000,000) in aggregate funding from the CAB Fund in any single fiscal year, provided that a county contributing a portion of the service provider's required match of the total estimated project cost may receive more than eight million dollars (\$8,000,000) from the CAB Fund. The additional amount shall be no more than one hundred percent (100%) of the amount of the county's contribution during a fiscal year. ~~Notwithstanding the project cost responsibility allocations in subsection (d) of this section, for a county receiving from the federal government less than an aggregate of eight million dollars (\$8,000,000) in federal American Rescue Plan Act (P.L. 117-2) funds, a broadband service provider selected for a project shall provide not less than fifteen percent (15%) of the total estimated project cost. If a broadband service provider provides more than fifteen percent (15%) of the total estimated project cost, the State and county cost responsibilities shall be equally apportioned. The following cost responsibility allocations for counties meeting the requirements of this subsection and the State apply:~~

Direct Federal Funds Received-	County Responsibility-	State Responsibility
\$250,000, up to \$4,000,000-	5%, minimum-	Up to 80%
\$4,000,000, up to \$8,000,000-	10%, minimum-	Up to 75%

(f) A broadband service provider selected for a project under this section shall enter into an agreement with the Office that shall include the project description, time lines, benchmarks, proposed broadband speeds, and any other information and documentation the Office deems necessary. All proposed broadband speeds must meet or exceed the federal guidelines for use of American Rescue Plan Act (P.L. 117-2) funds. If a county provides a portion of the service provider's required match of the total estimated project cost, upon ~~Upon~~ execution of an agreement, the county shall provide its portion of the total estimated project costs to the Office to be combined with CAB Funds awarded for the project and placed in a separate project account. The Office shall provide project oversight, and, upon completion of established benchmarks in the project agreement, the Office shall disburse funds from the project account to the broadband service provider. The forfeiture provisions in G.S. 143B-1373(l) shall apply to agreements entered into under this section."

EMERGENCY RENTAL ASSISTANCE (ERA) REALLOCATION

SECTION 5.4.(a) Notwithstanding any provision of law, all remaining Emergency Rental Assistance (ERA) funds allocated in Section 5 of S.L. 2021-1, Section 1.4 of S.L. 2021-3, and Section 3.4 of S.L. 2021-25, except those in retained pursuant to Section 5.4(b), and any interest earned on those funds budgeted in Budget Code 23021, Budget Fund 21450 shall be reallocated to the North Carolina Housing Finance Authority for the Housing Trust Fund and be used in for projects that comply with US Department of the Treasury's Emergency Rental Assistance guidelines. These funds are hereby appropriated.

SECTION 5.4.(b) Section 3.4(i) of S.L. 2021-25 is amended by adding a new subsection to read:

"SECTION 3.4.(i) In addition to funds allowed for administration in subsection (i), the Office shall retain one million dollars (\$1,000,000) of Emergency Rental Assistance funds to close out the program. These funds shall be used to:

1. Review fraud, waste, and abuse allegations and assist with investigations.
2. Conduct activities related to recovery of funds.
3. Prepare for desk review and other federal and state audits.
4. Prepare and submit required reports.
5. And other unforeseen duties that arise in the closeout process of this program."

DARE COUNTY AFFORDABLE HOUSING FUNDS

SECTION 5.5. Notwithstanding any provision of law, funds for Dare County Affordable Housing appropriated in S.L. 2022-74 that are returned to the state pursuant to the Dare County Commissioner vote on April 9, 2024, shall be reallocated to the North Carolina Housing Finance Authority for the Housing Trust Fund and these funds are hereby appropriated.

ESTABLISHING OR INCREASING FEES

SECTION 5.6.(a) Notwithstanding G.S. 123.1, 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 5.6.(b) Notwithstanding G.S. 150B21.1A(a), an agency may adopt an emergency rule in accordance with G.S. 150B21.1A 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.

SPORTS BETTING – USE OF PROCEEDS / REVERSION

SECTION 5.7.(a) G.S. 105-113.128 reads as rewritten:

"§ 105-113.128. Use of tax proceeds.

a. The Secretary shall distribute the taxes collected under this Article, less the allowance to the Department of Revenue and reimbursement to the Lottery Commission for administrative expenses, in accordance with this section. The Secretary may retain the cost of administering this Article, not to exceed five hundred thousand dollars (\$500,000) a year, as reimbursement to the Department. The Lottery Commission shall, no later than 20 days after the end of the month, notify the Department of its unreimbursed expenses from administering the provisions of Article 9 of Chapter 18C of the General Statutes from the previous month. The Department shall reimburse the Lottery Commission from the tax revenues collected under this Article no later than the end of the month in which the Department was notified. The remainder of the net proceeds of the tax collected under this Article are to be credited in the following priority:

...

b. Funds appropriated pursuant to section (a), subsections (1) through (5)b, shall not revert until the end of the fiscal year following that in which they are appropriated."

SECTION 5.7.(b) This section becomes effective June 30, 2024.

2024 DISASTER RECOVERY

SECTION 5.8.(a) State Emergency Response and Disaster Relief Fund. – Of the nonrecurring funds appropriated in S.L. 2023-134 and this act for the 2024-2025 fiscal year, one hundred thirty-two million eight hundred thousand hundred dollars (\$132,800,000) shall be allocated as follows:

- (1) \$75,000,000 to the Office of State Budget and Management to provide disaster recovery assistance to households and communities in response to Hurricane Matthew and Hurricane Florence.
- (2) \$5,000,000 to the Office of State Budget and Management to provide a directed grant to the North Carolina Insurance Underwriting Association, consistent with the purposes set forth in Section 5.9(i) of S.L. 2021-180.
- (3) \$2,500,000 to the Office of State Budget and Management to provide disaster recovery assistance to households and communities in response to Tropical Storm Fred.

- (4) \$20,000,000 to the Department of Agriculture and Consumer Services to support the Streamflow Rehabilitation Assistance Program, which maintains and restores streams in flood mitigation efforts.
- (5) \$20,000,000 to the Department of Insurance, Office of the State Fire Marshal, to sustain the State Property Fire Insurance Fund.
- (6) \$5,000,000 to the Department of Public Safety, Emergency Management Division, to support disaster recovery projects in Princeville in response to Hurricane Matthew.
- (7) \$4,000,000 to the Department of Environmental Quality to support coastal modeling for the Flood Resiliency Blueprint.
- (8) \$1,000,000 to the Department of Agriculture and Consumer Services to support the Agricultural Water Resources Assistance Program, which provides funds for agricultural water supply and efficiency increases for agricultural water use.
- (9) \$300,000 to the Department of Agriculture and Consumer Services for equipment to transport mobile depopulation units, which quickly depopulate livestock following disease outbreaks, natural disasters, or other catastrophic events.

SECTION 5.8.(b) Implementation. – The following actions and policies shall be taken to implement subsection 5.7.(a)(1):

- (1) If a person's home is relocated or purchased with funds allocated in this subsection, the State Emergency Response and Disaster Relief Fund is subrogated to the person's rights under any insurance coverage for the damage to the home and any monies received from the insurance coverage shall be paid to the State Emergency Response and Disaster Relief Fund. The Office of State Budget and Management shall ensure that those potentially affected by this section are notified of, and adhere to, its requirements.
- (2) No State funds appropriated in this section may be expended for the construction of any new residence within the 100-year floodplain unless the construction is in an area regulated by a unit of local government pursuant to a floodplain management ordinance and the construction complies with the ordinance. As used in this section, "100-year floodplain" means any area subject to inundation by a 100-year flood, as indicated on the most recent Flood Insurance Rate Map prepared by the Federal Emergency Management Agency under the National Flood Insurance Program.
- (3) Homeowners in the 100-year floodplain who receive homeowner's housing assistance pursuant to this section shall have in effect federal flood insurance, if available, as a precondition to receipt of State homeowner's housing assistance for losses resulting from future flooding.

SECTION 5.8.(c) Limitation. – Funds allocated in this section shall be 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. To the extent practicable, funds allocated in this section shall not be used to cover costs that will be, or likely will be, covered by federal funds.

SECTION 5.8.(d) No Reversion of Funds. – Funds allocated in this section shall remain available to implement the provisions of this section until the General Assembly directs the reversion of any unexpended and unencumbered funds and G.S. 143C-6-23(f1)(1) shall not apply to those funds.

SECTION 5.8.(e) Reporting Requirements. – The Office of State Budget and Management shall provide periodic reports on the use of the funds allocated and appropriated in this section in a manner which is consistent with Section 5.8 of Session Law 2019-250.

SECTION 5.8.(f) Programmatic Support – The Office of State Budget and Management may use up to five percent (5%) of the funds allocated in subsections (a)(1), (a)(2), and (a)(3) for programmatic capacity and administrative expenses.

SECTION 5.8.(g) Section 5.9(i) of S.L. 2021-180 reads as rewritten:

"SECTION 5.9A.(i) North Carolina Insurance Underwriting Association (NCIUA) Coastal Resilient Roof Grant Pilot Program. – NCIUA shall establish the Coastal Resilient Roof Grant Pilot Program, adopt rules, and award amounts for resilient roof grant applicants under this pilot program. NCIUA must provide a match of one dollar (\$1.00) in non-State funds for one dollar (\$1.00) provided in State grant funds. No eligible ~~structure~~primary residence, as defined by NCIUA rules, may receive more than ~~three thousand three hundred~~ four thousand dollars (\$4,000) in State funds; for households with an income level not in excess of the median household income for that county or more than two thousand dollars (\$2,000) in State funds for households with an income level in excess of the median household income for that county under this pilot program. NCIUA may use matching funds for evaluator costs and grants but shall not use any of the funds allocated for the pilot program for administrative costs. State funds allocated for this pilot program that are not encumbered or spent by June 30, 2025, shall revert to the General Fund. NCIUA will include a report on the pilot program funded by this subsection in the annual report required by G.S. 58-45-65. The report shall include information on the number of grants provided, geographical distribution of grants by county, and the average insured value of the structures receiving grant funding for resiliency improvements under this program. The NCIUA will provide this portion of its annual report to the Chairs of the Joint Legislative Emergency Management Oversight Committee and the Fiscal Research Division. The following definitions apply in this subsection:

- (1) Coastal area. – Defined in G.S. 58-45-5.
- (2) Eligible expense. – Costs for the replacement or upgrade of the roof of an eligible structure when the replacement or upgrade results in the roof meeting applicable resiliency standards issued by the Institute for Business and Home Safety or another construction storm resiliency standard that the NCIUA finds to be equivalent for purposes of reduction of risk of loss to the Coastal Property Insurance Pool (Pool) established by Article 45 of Chapter 58 of the General Statutes.
- (3) Eligible structure. – An eligible residential structure as defined by NCIUA rules and insured under a policy issued by the NCIUA through the Pool."

FLEXIBILITY FOR USE OF UNEXPENDED DISASTER RECOVERY FUNDS

SECTION 5.9.(a) Section 3.1(a) of S.L. 2019-250 reads as rewritten:

"SECTION 3.1.(a) Notwithstanding any other provision or law, any State agency that received funds pursuant to this act or any of the following enactments may reallocate unexpended and unobligated program funds to the same programs or purposes for damage caused by Hurricane Matthew, Florence, Michael, Dorian, Tropical Storm Fred, the earthquake in Sparta, or future storms:

- (1) S.L. 2016-124.
- (2) S.L. 2017-119.
- (3) Section 5.6 of S.L. 2018-5.
- (4) S.L. 2018-134.
- (5) S.L. 2018-136.
- (6) S.L. 2018-138.
- (7) S.L. 2019-3.
- (8) S.L. 2020-97
- (9) S.L. 2021-180
- (10) S.L. 2022-74"

SECTION 5.9.(b) Notwithstanding any other provision of law, any State agency that received Tropical Storm Fred recovery funds pursuant to this act or any of the following enactments may reallocate unexpended and unobligated program funds to any program or purpose stated in those appropriations:

- (1) S.L. 2021-180.
- (2) S.L. 2021-189.
- (3) S.L. 2022-6.
- (4) S.L. 2022-74.
- (5) S.L. 2023-11.

SECTION 5.9.(c) Any State agency that reallocates funds pursuant to subsection (b) of this section shall report, at least 30 days prior to the reallocation, to the chairs of the Senate Appropriations/Base Budget Committee, the chairs of the House of Representatives Appropriations Committee, and the Fiscal Research Division. The report shall identify all of the following:

- (1) The original funding authorization.
- (2) The original program or purpose for the use of the funds.
- (3) The amount of funds expended or obligated for the original program or purpose.
- (4) The amount of funds that remain unexpended or unencumbered.
- (5) The amount of funds to be reallocated.

PART VI. COMMUNITY COLLEGE SYSTEM

PROPEL NC FUNDING MODEL ADJUSTMENT

SECTION 6.1.(a) The funds appropriated in this act for Propel NC shall be used to shift North Carolina Community College System's enrollment formula from the current tier-based allocation model to a labor-market driven model. This new model shall link courses to workforce sectors that are ranked and valued by statewide salary job demand data.

SECTION 6.1.(b) The State Board of Community Colleges in consultation with the Department of Commerce shall identify the workforce sectors aligned with the State's high-demand, high-salary jobs and allocate the funds appropriated in this act to those workforce sectors. Appropriated funds may also be used for customized training and Small Business Centers at the individual colleges.

PROPEL NC ENROLLMENT GROWTH RESERVE

SECTION 6.2. G.S. 115D-31 reads as rewritten:

"§ 115D-31. State financial support of institutions.

...

(e) If receipts for community college tuition and fees exceed the amount certified in General Fund Codes at the end of a fiscal year, the State Board of Community Colleges shall ~~transfer~~ retain the amount of receipts and fees above those budgeted ~~to the Enrollment Growth Reserve.~~ Funds ~~in the Enrollment Growth Reserve~~ shall not revert to the General Fund and shall remain available to the State Board until expended. The State Board may allocate these funds ~~in this reserve to colleges experiencing an enrollment increase greater than five percent (5%) of budgeted enrollment levels.~~ proportionally to colleges based on actual receipt collections from the prior fiscal year.

(f) The Enrollment Growth Reserve shall be established as a recurring, nonreverting reserve under the direction of the State Board of Community Colleges. Funds appropriated by the North Carolina General Assembly shall be allocated based on actual fall semester FTE. The method of allocation shall be as follows: at one-half the average FTE value per FTE for the greater of FTE increases in excess of 5% for each category of instruction, or for increases in total FTE greater

than 325. If enrollment growth exceeds the funds appropriated in a given year, the value per FTE would be reduced proportionately."

NC CHILD CARE GRANT PROGRAM EVALUATION

SECTION 6.3. Of the funds appropriated in this act to the Community College System for Program Evaluation Funds, the Community College System shall use up to one hundred thousand dollars (\$100,000) to evaluate the effectiveness of the Child Care Grant Program funded in S.L. 2023-134. The Community College System Office may consult with the Office of State Budget and Management (OSBM) for assistance on how to develop an evaluation, including how to register and use a pre-analysis plan. The Community College System Office shall report annually to OSBM and the Fiscal Research Division of the General Assembly on the progress of the evaluation and, when completed, make publicly available the pre-analysis plan, the final evaluation report, and (to the extent possible) an anonymized version of the dataset(s) that is sufficient for others to replicate the reported analytics. The evaluation shall include, at a minimum, the following components:

- (1) Statistics that describe the uptake and use of the program, such as the number of applications received, amount of grant funds requested, number of applications approved, total amount of grant funds awarded, and the types of child care used by students with grant funds.
- (2) An estimate of the number of students who would not otherwise pursue community college but do so and receive credits as a result of this program.
- (3) An estimate of the number of students who would not otherwise continue community college studies but do so and receive credits as a result of this program.
- (4) An assessment of obstacles to receiving these grants by students who apply but do not qualify, and those who qualify but do not apply.
- (5) Recommendations on whether to continue the program and, if so, what program improvements might be made.

PART VII. PUBLIC INSTRUCTION

AVERAGE DAILY MEMBERSHIP CONTINGENCY RESERVE

SECTION 7.1.(a) Creation. –The Average Daily Membership (ADM) Contingency Reserve is established within the General Fund. The General Assembly shall appropriate in the Current Operations Appropriations Act or other appropriations act a specific amount to this reserve for allocation, on an as-needed basis only, to fund increases in public school current year allotted ADM over prior year allotted ADM.

SECTION 7.1.(b) Definitions. – Allotted ADM and the funds requested per ADM will conform with State Board of Education policy, as documented in the Department of Public Instruction's Allotment Policy Manual.

SECTION 7.1.(c) Authorized Uses. – The funds in the ADM Contingency Reserve are available to the Department of Public Instruction for increases in a public school's current year allotted ADM over the prior year allotted ADM that was used to generate initial allotments. This includes increases to transportation allotments.

SECTION 7.1.(d) Request for Allocation. –The Department of Public Instruction may request an allocation from the ADM Contingency Reserve by submitting a report detailing the initial allotted ADM, the ADM increase, the funds allocated per ADM, and the total additional funds requested by school.

SECTION 7.1.(e) The Office of State Budget and Management (OSBM) must certify the need for any allocation before disbursing funds from the reserve. The OSBM shall report to

the Fiscal Research Division on or before April 1 of each year on any disbursements made from the reserve.

COMPREHENSIVE REMEDIAL PLAN FORWARD FUND

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

"Article 32G.

"Sound Basic Education.

"§ 115C-472.20. Ensuring a Sound Basic Education for North Carolina Students.

(a) The General Assembly finds that, due to the critical need in this State to provide opportunity for North Carolina public school students, it is imperative that the State fully fund and implement the Comprehensive Remedial Plan, as ordered by Judge David Lee on June 7th, 2021. To implement the plan, the state shall treat FY 2024-25 as plan year three and adjust ensuing plan years accordingly. Therefore, there is appropriated from the General Fund the following amounts for each fiscal year to be used for the purposes set forth in the Plan and in order to accomplish these objectives by FY 2029-30:

To the Department of Health and Human Services

<u>Fiscal Year</u>	<u>Appropriation</u>
<u>2025-2026</u>	<u>\$167,970,000</u>
<u>2026-2027</u>	<u>\$370,370,000</u>
<u>2027-2028</u>	<u>\$657,620,000</u>
<u>2028-2029</u>	<u>\$904,570,000</u>
<u>2029-2030</u>	<u>\$1,190,720,000</u>

For the 2030-31 fiscal year and each fiscal year thereafter, there is appropriated from the General Fund the sum of one billion one hundred ninety million seven hundred twenty thousand dollars (\$1,190,720,000) to be used for the purposes set forth in this section. When developing the base budget, as defined by G.S. 143C11, 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.

To the Department of Public Instruction

<u>Fiscal Year</u>	<u>Appropriation</u>
<u>2025-2026</u>	<u>\$689,856,904</u>
<u>2026-2027</u>	<u>\$1,354,242,088</u>
<u>2027-2028</u>	<u>\$2,010,942,088</u>
<u>2028-2029</u>	<u>\$2,674,891,976</u>
<u>2029-2030</u>	<u>\$3,326,391,976</u>

For the 203031 fiscal year and each fiscal year thereafter, there is appropriated from the General Fund the sum of three billion three hundred twenty-six million three hundred ninety-one thousand nine hundred seventy-six dollars (\$3,326,391,976) to be used for the purposes set forth in this section. When developing the base budget, as defined by G.S. 143C11, 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.

To the University of North Carolina

<u>Fiscal Year</u>	<u>Appropriation</u>
<u>2025-2026</u>	<u>\$23,500,000</u>
<u>2026-2027</u>	<u>\$44,700,000</u>

<u>2027-2028</u>	<u>\$67,300,000</u>
<u>2028-2029</u>	<u>\$85,600,000</u>
<u>2029-2030</u>	<u>\$101,900,000</u>

For the 2030-31 fiscal year and each fiscal year thereafter, there is appropriated from the General Fund the sum of one hundred one million nine hundred thousand dollars (\$101,900,000) to be used for the purposes set forth in this section. When developing the base budget, as defined by G.S. 143C11, 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.

(b) It is the intent of the General Assembly that all policy changes required by the Comprehensive Remedial Plan shall be implemented. The administering agencies shall make such changes if they possess the authority. In cases where legislative changes are necessary, the General Assembly shall implement such changes as required by the Plan."

BUDGET FLEXIBILITY FOR LOCAL BOARDS OF EDUCATION

SECTION 7.3. G.S. 115C-105.25(b) reads as rewritten:

"§ 115C-105.25. Budget flexibility.

(b) Subject to the following limitations, local boards of education may transfer and may approve transfers of funds between funding allotment categories:

- ...
(1b) ~~No funds shall be transferred out of the children with disabilities allotment category.~~
- ...
(3a) ~~No funds shall be transferred out of the teacher assistants allotment category.~~
- (3b) ~~No funds shall be transferred out of the academically or intellectually gifted children allotment category.~~
- ...
(5a) ~~No positions shall be transferred out of the allocation for classroom teachers for kindergarten through twelfth grade, except as provided in this subdivision.~~ Positions allocated for classroom teachers may be converted to dollar equivalents to contract for visiting international exchange teachers through a visiting international exchange teacher program approved by the State. These positions shall be converted at the statewide average salary for classroom teachers, including benefits. The converted funds shall be used only to provide visiting international exchange teachers with salaries commensurate with their experience levels, to provide any State-approved bonuses, and to cover the costs associated with supporting visiting international exchange teachers within the local school administrative unit, including programming and related activities, background checks, medical coverage, and other program administration services in accordance with the federal regulations for the Exchange Visitor Program, 22 C.F.R. Part 62.
- (5b) ~~Positions~~ Except as provided in subdivision (5a) of this subsection, positions allocated for classroom teachers and instructional support personnel may be converted to dollar equivalents for any purpose authorized by the policies of the State Board of Education. These positions shall be converted at the salary on the first step of the "A" Teachers Salary Schedule. Certified position allotments shall not be transferred to dollars to hire the same type of position.
- (5d) ~~No positions shall be transferred out of the allocation for program enhancement teachers for kindergarten through fifth grade except as provided in this subdivision.~~ Positions allocated for program enhancement teachers for kindergarten through fifth 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(e2).

...

(10a) No funds shall be transferred out of the limited English proficiency allotment category.

...

(12) Funds allotted for textbooks and digital resources may only be used for the purchase of textbooks and digital resources. These funds shall not be transferred out of the allotment for any other purpose."

FUNDS FOR CHILDREN WITH DISABILITIES

SECTION 7.4. G.S. 115C-111.05 reads as rewritten:

"§ 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. The State Board of Education shall allocate additional funds for children with disabilities on the basis of five thousand six hundred seventy dollars (\$5,670) for fiscal year 2024-25 per child. Each local school administrative unit shall receive funds for the total number of children who are identified as children with disabilities in the local school administrative unit. The dollar amounts allocated under this section for children with disabilities shall also be adjusted in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve children with disabilities."

FUNDS FOR LIMITED ENGLISH PROFICIENCY

SECTION 7.5. The State Board of Education shall allocate additional funds for services to students with limited proficiency in the English language to local school administrative units and to charter schools based on the three-year weighted headcount of students in the units or charter school with limited English proficiency.

DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING (DSSF)/AT-RISK STUDENT SERVICES/ALTERNATIVE SCHOOLS

SECTION 7.6. G.S. 115C-472.19 reads as rewritten:

"§ 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.

(d) For the 2024-25 fiscal year the State Board of Education shall transfer the At-Risk Student Services/Alternative Schools allotment into the DSSF allotment and allocate these funds to local school administrative units under a formula that:

(1) Expands the allowable uses of the DSSF allotment to incorporate activities allowed under the current At-Risk allotment; and

(2) Provides that no local administrative unit receives a decrease in combined funding.

Reallocated At-Risk funding must be counted as an independent supplement to existing DSSF funds."

NATIONAL BOARD CERTIFICATION FEE SUPPORT

SECTION 7.7.(a) Of the funds appropriated to the Department of Public Instruction by this act, the Department shall transfer the sum of nine hundred thousand dollars (\$900,000) in fiscal year 2024-25 to the State Education Assistance Authority to pay the application fees for first time candidates applying for certification by the National Board for Professional Teaching Standards. Funds shall be available beginning with the 2024-25 school year.

SECTION 7.7.(b) G.S. 115C-296.2 reads as rewritten:

"§ 115C-296.2. National Board for Professional Teaching Standards Certification.

(a) State Policy. – It is the goal of the State to provide opportunities and incentives for good teachers to become excellent teachers and to retain them in the teaching profession; to attain this goal, the State shall support the efforts of teachers to achieve national certification by providing approved paid leave time for teachers participating in the process, ~~lending teachers~~ paying the participation fee, and paying a significant salary differential to teachers who attain national certification from the National Board for Professional Teaching Standards (NBPTS).

...

(c) Payment of the NBPTS Participation Fee; Paid Leave. – The State shall ~~lend~~ provide teachers the participation fee and shall provide up to three days of approved paid leave to all teachers participating in the NBPTS program who:

(1) Have completed three full years of teaching in a North Carolina public school; and

(2) Have (i) not previously received State funds for participating in any certification area in the NBPTS program, (ii) repaid any State funds

1 previously received for the NBPTS certification process, or (iii) received a
2 waiver of repayment from the State Board of Education.
3 Teachers participating in the program shall take paid leave only with the approval of their
4 supervisors.
5"

7 NORTH CAROLINA VIRTUAL PUBLIC SCHOOL FUNDING

8 **SECTION 7.8.** Of the funds appropriated in this act to the Department of Public
9 Instruction, the State Board of Education shall use the sum of three million dollars (\$3,000,000)
10 in the 2024-2025 fiscal year to offset the costs for local school administrative units and charter
11 schools to participate in North Carolina Virtual Public School (NCVPS).
12

13 TEACHER ASSISTANTS

14 **SECTION 7.9.** It is the intent of the General Assembly to incrementally increase
15 funding for the Teacher Assistants allotment and to simplify the formula for allotting funding in
16 order to provide funding for one teacher assistant for every 27 kindergarten year through third
17 grade students by fiscal year 2029-30. Teacher Assistant funding shall be allotted to a local school
18 administrative unit based on a teacher assistant-to-kindergarten through third grade student ratio
19 of 1:34 in fiscal year 2024-25.
20

21 SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES

22 **SECTION 7.10.** G.S. 115C-472.17 reads as rewritten:

23 "§ 115C-472.17. Supplemental funding in low-wealth counties.

24 (a) Use of Funds for Supplemental Funding. – To the extent funds are made available for
25 this purpose, all funds received pursuant to this section shall be used only (i) to provide
26 instructional positions, instructional support positions, teacher assistant positions, clerical
27 positions, school computer technicians, instructional supplies and equipment, staff development,
28 and textbooks and digital resources and (ii) for salary supplements for instructional personnel
29 and instructional support personnel. Local boards of education are encouraged to use at least
30 twenty-five percent (25%) of the funds received pursuant to this section to improve the academic
31 performance of children who are performing at Level I or II on either reading or mathematics
32 end-of-grade tests in grades three through eight.

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

- 34 (1) Anticipated county property tax revenue availability. – The county-adjusted
35 property tax base multiplied by the effective State average tax rate.
- 36 (2) Anticipated State average revenue availability per student. – The sum of all
37 anticipated total county revenue availability divided by the average daily
38 membership for the State.
- 39 (3) Anticipated total county revenue availability. – The sum of the following:
 - 40 a. Anticipated county property tax revenue availability.
 - 41 b. Local sales and use taxes received by the county that are levied under
42 Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of
43 Chapter 105 of the General Statutes.
 - 44 c. Fines and forfeitures deposited in the county school fund for the most
45 recent year for which data are available.
- 46 (4) Anticipated total county revenue availability per student. – The anticipated
47 total county revenue availability for the county divided by the average daily
48 membership of the county.
- 49 (5) Average daily membership. – Average daily membership as defined in the
50 North Carolina Public Schools Allotment Policy Manual adopted by the State
51 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.~~ It is the intent of the General Assembly to incrementally increase appropriations for the low-wealth allotment to provide eligible counties supplemental funding equal to one hundred ten percent (110%) of the statewide local revenue per student by fiscal year 2029-30. The State Board of Education shall adjust the formula to ensure each local school administrative unit receives a pro rata share of the additional funds appropriated for the low-wealth allotment in this act for supplemental funding.

(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

1 appropriations per student to the school local current expense fund that the county could provide
2 given the county's wealth and an average effort to fund public schools shall receive funding under
3 this section at the same percentage that the county's appropriation per student to the school local
4 current expense fund is of the current expense appropriations per student to the school local
5 current expense fund that the county could provide given the county's wealth and an average
6 effort to fund public schools.

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

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

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

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

22 (h) Counties Containing a Base of the Armed Forces. – Notwithstanding any other
23 provision of this section, for the 2024-2025 and 2025-2026 fiscal years, counties containing a
24 base of the Armed Forces of the United States that have an average daily membership of more
25 than 17,000 students shall receive whichever is the higher amount in each fiscal year as follows:
26 either the amount of supplemental funding the county received as a low-wealth county in the
27 2012-2013 fiscal year or the amount of supplemental funding the county is eligible to receive as
28 a low-wealth county pursuant to the formula for distribution of supplemental funding under the
29 other provisions of this section.

30 (i) Funds for EVAAS Data. – Notwithstanding the requirements of subsection (a) of this
31 section, local school administrative units may utilize funds allocated under this section to
32 purchase services that allow for extraction of data from the Education Value-Added Assessment
33 System (EVAAS).

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

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

44 45 **TEACHER PREPARATION RESIDENCY FOR HIGH-NEED DISTRICTS**

46 **SECTION 7.11.(a)** Purpose. – The State Board of Education shall establish a grant
47 program to assist local school administrative units in the development of teacher preparation
48 residency pilot programs. Teacher preparation residency programs provide the necessary
49 preparation and induction supports to teacher preparation candidates pursuing a continuing
50 professional license. Teacher preparation residency programs eligible to receive grant funding
51 through this program shall include, at a minimum, the following components:

1. Coursework in the candidate's area of licensure;
2. Tuition and stipends;
3. Faculty advising;
4. Clinical training experiences; and
5. Ongoing induction support.

Residency programs eligible for this grant program may include partnerships between local school administrative units, educator preparation programs, local community college or universities, and other community organizations. Grant funds awarded to local school administrative units under this program shall be matched by the local school administrative unit on the basis of one dollar (\$1.00) in non-grant funds for every one dollar (\$1.00) in grant funds.

Resident teachers shall be placed in schools identified as low-performing, as defined in GS 115C-105.37, schools identified as continually low-performing as defined in GS 115C-105.37A, or schools where seventy-five percent (75%) or greater of students qualify for free or reduced-price lunch under the National School Lunch Program.

SECTION 7.11.(b) Request for Proposal. – By October 1, 2024, the State Board of Education shall issue a Request for Proposal (RFP) for the grant program. Local boards of education shall submit their proposals by January 15, 2025. The RFP shall require that proposals include the following information at a minimum:

1. Description of the proposal, including the number of teacher preparation candidates to be served;
2. Evidence-based research that supports the proposal;
3. Implementation plan; and
4. Plans for financial sustainability once grant money is no longer available.

SECTION 7.11.(c) Grant Awards. – By April 15, 2025, the State Board of Education shall review the proposals submitted by local boards of education and shall select up to 10 local school administrative units for grant awards. The State Board of Education may make grant awards for up to three years. A local school administrative unit may not receive more than five hundred thousand dollars (\$500,000) in a single fiscal year from this grant program.

SECTION 7.11.(d) Evaluation and Reporting. – Of the funds appropriated by this act, the State Board of Education may use up to three hundred thousand dollars (\$300,000) to contract with an independent research organization to evaluate the impact of this grant program. The independent research organization shall report the results of this evaluation to the Joint Legislative Education Oversight Committee, the Fiscal Research Division of the General Assembly, and the Office of State Budget and Management by September 1, 2027. The Department of Public Instruction shall report annually on the implementation of this grant program beginning on March 1, 2026.

SECTION 7.11.(e) Carryforward. – Funds unspent in the 2024-25 fiscal year shall not revert and shall be carried forward to implement this section.

RESIDENTIAL SCHOOLS

SECTION 7.12.(a) Section 1 of S.L. 2023-10 reads as rewritten:

"...

"§ 115C-150.11. State Board of Education as governing agency.~~General supervision over schools for the deaf and blind.~~

~~(a) State Board of Education Supervision.~~—The State Board of Education shall be the sole governing agency for the Governor Morehead School for the Blind, the Eastern North Carolina School for the Deaf, and the North Carolina School for the Deaf. The Superintendent of Public Instruction through the Department of Public Instruction shall be responsible for the administration and oversight of a school governed by this Article. Notwithstanding G.S. 143C-6-4, the Department of Public Instruction may reorganize, if necessary, staffing to enhance administrative support for the Governor Morehead School, the North Carolina School

for the Deaf, and the Eastern North Carolina School for the Deaf to meet needed functions, have general supervision over the schools for the deaf and blind in accordance with G.S. 115C-12 and shall establish approximately equivalent service areas for each school for the deaf that cover the entire State. In establishing the service area for each school for the deaf, the State Board shall consider both the geographic proximity to the school for the deaf and the population of the service area. The State Board shall evaluate the effectiveness of the schools for the deaf and blind and shall, through the application of the accountability system developed under G.S. 115C-83.15 and G.S. 115C-105.35, measure the educational performance and growth of students placed in each school. If appropriate, the Board may modify this system to adapt to the specific characteristics of these schools. The boards of trustees for the schools for the deaf and blind shall be subject to rules adopted by the State Board of Education in accordance with Chapter 150B of the General Statutes.

(b) ~~Independent Operation.~~ Except as otherwise provided for in this Article, the schools for the deaf and blind shall be housed administratively within the Department of Public Instruction for purposes of distribution of State funds, but each school for the deaf and blind shall operate independently with a board of trustees as the governing body. The Department of Public Instruction shall include employees of the schools for the deaf and blind in coverage for professional liability policies purchased by the Department for its employees and shall facilitate the purchase of other insurance policies for those schools. In all other matters, the Department of Public Instruction shall provide services, support, and assistance to schools for the deaf and blind in the same manner and degree as for a local school administrative unit."

SECTION 7.12.(b) G.S. 115C-150.12A, 12B, and 12C are repealed.

SECTION 7.12.(c) G.S. 115C-150 is amended by adding a new section to read:

"§ 115C-150.12D. Applicability of Chapter.

Except as otherwise provided, the requirements of this Chapter shall apply to the schools governed by this Article."

SECTION 7.12.(d) G.S. 115C-150.13A reads as rewritten:

"§ 115C-150.13A. Admissions.

(a) Rules. – Schools for the deaf and blind shall admit students in accordance with eligibility criteria, standards, and procedures established through rules by the ~~board of trustees~~ State Board of Education in accordance with the requirements of this Article.

..."

SECTION 7.12.(e) G.S. 115C-150.14A reads as rewritten:

"§ 115C-150.14A. Nonresident students.

(a) For the purposes of this section, the following definitions shall apply:

- (1) Foreign exchange student. – A student who is domiciled in a foreign country and has come to the United States on a valid, eligible student visa.
- (2) Nonresident student. – An out-of-state student or foreign exchange student.
- (3) Out-of-state student. – A student who is domiciled in a state other than North Carolina.

(b) Schools for the deaf and blind may enroll nonresident students in the educational program who otherwise meet admissions criteria established for all students. A school shall charge the full, unsubsidized per capita cost of providing education at the school for the period of the nonresident student's attendance, including the cost of tuition, and the cost of room and board for any student whose parent elects for the student to board at the school in order to access the educational program.

(c) Schools for the deaf and blind that seek to enroll nonresident students under this section shall submit a plan prior to enrolling any of those students to the ~~board of trustees~~ State Board of Education for approval, including the proposed costs to be charged to the nonresident students for tuition and room and board and information on compliance with federal law requirements."

1 **SECTION 7.12.(f)** G.S. 115C-150.16 is repealed.

2 **SECTION 7.12.(g)** G.S. 115C-5 reads as rewritten:

3 **"§ 115C-5. Definitions.**

4 As used in this Chapter unless the context requires otherwise:

5 ...

6 (3a) The governing body of a public school unit is the following:

7 a. For a local school administrative unit, the local board of education.

8 b. For a charter school, the nonprofit corporation board of directors.

9 c. For a regional school, the regional school board of directors.

10 d. For a school operated under Article 9C of this Chapter, the State Board
11 of Education.~~board of trustees.~~

12 e. For a school operated under Article 29A of Chapter 116 of the General
13 Statutes, the chancellor of the constituent institution.

14 "

15 **SECTION 7.12.(h)** G.S. 115C.51(g) reads as rewritten:

16 "(g) For the purposes of this section, a "public secondary school" is any of the following
17 types of public school serving grades six or higher:

18 (1) A school under the control of a local school administrative unit.

19 (2) A school under the control of the State Board of Education, including schools
20 for the deaf or blind operated under Article 9C of this Chapter.

21 (3) A school under the control of The University of North Carolina.

22 (4) A charter school.

23 (5) A regional school."

24 **SECTION 7.12.(i)** G.S. 115C.51(c1) reads as rewritten:

25 "(c1) Except as to the provisions of Articles 6 and 7 of this Chapter, the provisions of this
26 Chapter shall not apply to:

27 ...

28 (8a) Employees of a regional school established pursuant to Part 10 of Article 16
29 of Chapter 115C of the General Statutes.

30 ~~(8b) Employees of a school for the deaf or blind governed by Article 9C of Chapter~~
31 ~~115C of the General Statutes hired on or after July 1, 2024.~~

32 "

33 **SECTION 7.12.(j)** G.S. 138-5(a) reads as rewritten:

34 "(a) Except as provided in subsections (c) and (f) of this section, members of State boards,
35 commissions, committees and councils which operate from funds deposited with the State
36 Treasurer shall be compensated for their services at the following rates:

37 (1) Except as otherwise provided by this subdivision, compensation at the rate of
38 fifteen dollars (\$15.00) per diem for each day of service. Members of the
39 North Carolina Vocational Rehabilitation Council, the Statewide Independent
40 Living Council, and the Commission for the Blind who are unemployed or
41 who shall forfeit wages from other employment to attend Council or
42 Commission meetings or to perform related duties, may receive compensation
43 not to exceed fifty dollars (\$50.00) per diem for attending these meetings or
44 performing related duties, as authorized by sections 105 and 705 of the
45 Rehabilitation Act of 1973, P.L. 102-569, 42 U.S.C. § 701, et seq., as
46 amended. ~~Members of the Board of Trustees of the Eastern North Carolina~~
47 ~~School for the Deaf, the Board of Trustees of the North Carolina School for~~
48 ~~the Deaf, and the Board of Trustees of the Governor Morehead School for the~~
49 ~~Blind may receive compensation not to exceed fifty dollars (\$50.00) per diem~~
50 ~~for attending trustee meetings or performing related duties.~~

- (2) Reimbursement of subsistence expenses at the rates allowed to State officers and employees by subdivision (3) of G.S. 138-6(a).
- (3) Reimbursement of travel expenses at the rates allowed to State officers and employees by subdivisions (1) and (2) of G.S. 138-6(a).
- (4) For convention registration fees, the actual amount expended, as shown by receipt."

SECTION 7.12.(k). G.S. 150B-1(d) reads as rewritten:

...

"(32) The Alcoholic Beverage Control Commission with respect to approval of alcoholic beverages to be sold in local ABC stores through the State warehouse and by special order pursuant to Article 8 of Chapter 18B of the General Statutes.

~~(33) The Eastern North Carolina School for the Deaf, the North Carolina School for the Deaf, and the Governor Morehead School for the Blind."~~

SECTION 7.12.(l) Section 4.(a) of S.L. 2023-10 reads as rewritten:

~~"For the 2023-2024 school year only, the~~ The State Board of Education shall adopt rules by August 4, ~~2023~~2024, for eligibility criteria, standards, and procedures for admission to the schools for the deaf and blind in accordance with this section following consultation with the Superintendent of Public Instruction and directors of the schools for the deaf and blind. These rules shall be exempt from the requirements of Article 2A of Chapter 150B of the General Statutes."

SECTION 7.12.(m) Section 5, Section 6, Section 7, Section 8, and Section 9 of S.L. 2023-10 are repealed.

SECTION 7.12.(n) This act is effective July 1, 2024.

TRANSPORTATION EMERGENCY RESERVE

SECTION 7.13. 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 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. Such allocation shall be made by the State Board of Education at the beginning of each fiscal year, based on the most recently available data from a prior school year. ~~The State Board may reserve for future allocation a reasonable amount not to exceed five percent (5%) of the total funds available for transportation in such fiscal year from such appropriation. Prior to April 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 April 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.~~

...

(e) There is established the Transportation Emergency Reserve. The reserved funds shall be allocated only in the event of an emergency need of a local school administrative unit.

Funds remaining in this reserve at the end of each state fiscal year shall revert to the General Fund."

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 2024-25 fiscal year to licensed personnel of the public schools who are classified as teachers. The salary schedule is based on years of teaching experience.

2024-25 Teacher Monthly Salary Schedule

Years of Experience	"A" Teachers
0	4,600
1	4,660
2	4,720
3	4,780
4	4,840
5	4,900
6	4,960
7	5,020
8	5,080
9	5,140
10	5,200
11	5,260
12	5,320
13	5,380
14	5,440
15-17	5,500
18-20	5,575
21-23	5,650
24-26	5,725
27-29	5,800
30+	5,875

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 2014-15 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 2024-25 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 2013-14 school year, the sum of the following:
 - a. The salary the teacher received in the 2013-14 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 2013-14 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 2013-14 school year, the sum of the salary and annual bonus the teacher received in the 2014-15 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.

RESTORE MASTER'S PAY

SECTION 7A.2.(a) The following session laws are repealed:

- (1) Section 8.22 of S.L. 2013-360.
- (2) Section 8.3 of S.L. 2014-100.

SECTION 7A.2.(b) G.S. 115C-302.10 reads as rewritten:

"§ 115C-302.10. Qualifications for certain education-based salary supplements.

(a) Notwithstanding any other provision of law, only the following teachers and instructional support personnel shall be paid on the "M" salary schedule or receive a salary supplement for academic preparation at the six-year degree level or at the doctoral degree level:

- (1) Certified school nurses and instructional support personnel in positions for which a master's degree is required for licensure.
- (2) Teachers and instructional support personnel who were paid on the "M" salary schedule or received that salary supplement prior to the 2014-15 school year.

(3) Teachers and instructional support personnel who (i) complete a degree at the master's, six-year, or doctoral degree level for which they completed at least one course prior to August 1, 2013, and (ii) would have qualified for the salary supplement pursuant to State Board of Education policy, TCPA006, as it was in effect on June 30, 2013.

(4) Teachers who do not qualify under subdivisions (1), (2), and (3) of this section but who spend at least seventy percent (70%) of their time as follows:

a. For teachers, in classroom instruction related to their graduate academic preparation in their field or subject area within their area of licensure. Most of the teachers' remaining time shall be spent in one or more of the following:

1. Mentoring teachers.

2. Performing demonstration lessons for teachers.

3. Writing curricula.

4. Developing and leading staff development programs for teachers

b. For instructional support personnel, performing work within the employee's area of graduate academic preparation.

(b) Beginning with the 2024-25 fiscal year and in subsequent fiscal years, for teachers who are paid on the "M" salary schedule under subdivision (4) of subsection (a) of this act, determination of whether teachers shall be paid on the "M" salary schedule or receive a salary supplement for academic preparation shall take place on an annual basis. Teachers may be moved off the "M" salary schedule or discontinue receiving salary supplements if they are not meeting the requirements of subdivision (4) of subsection (a) of this act in that year.

(c) Unless an individual otherwise qualifies under subdivision (2) or (3) of subsection (a) of this section, teachers and instructional support personnel who earn an advanced degree in school administration shall not be paid on the "M" salary schedule or receive a salary supplement for academic preparation."

PRINCIPAL SALARY SCHEDULE

SECTION 7A.3.(a) The following annual salary schedule for principals shall apply for the 2024-25 fiscal year, beginning July 1, 2024.

2024-25 Principal Annual Salary Schedule

Avg. Daily Membership	Base	Met Growth	Exceeded Growth
0-200	\$82,460	\$90,704	\$98,951
201-400	\$86,582	\$95,240	\$103,898
401-700	\$90,704	\$99,776	\$108,846
701-1,000	\$94,829	\$104,310	\$113,794
1,001-1,600	\$98,951	\$108,846	\$118,741
1,601+	\$103,073	\$113,381	\$123,688

SECTION 7A.3.(c) A principal's placement on the salary schedule shall be determined according to the average daily membership of the school supervised by the principal, as described in subsection (b) of this section, and the school growth scores, calculated pursuant to G.S. 115C-83.15(c), for each school the principal supervised in at least two of the prior three school years, as described in subsection (c) of this section, regardless of a break in service, and provided the principal supervised each school as a principal for at least a majority of the school year, as follows:

(1) A principal shall be paid according to the Exceeded Growth column of the schedule if the school growth scores show the school or schools exceeded expected growth in at least one of the prior two school years.

- (2) A principal shall be paid according to the Met Growth column of the schedule if any of the following apply:
- a. The higher school growth score in one of the two prior school years shows that the school met expected growth.
 - b. 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 if either of the following apply:
- a. The school growth scores show the school or schools did not meet expected growth in either of the two prior years.
 - b. The principal has not supervised any school as a principal for a majority of the school year in at least the two prior school years.

SECTION 7A.3.(d) For purposes of determining the average daily membership of a principal's school in the 2024-25 school year, placement on the schedule related to average daily membership shall be based on the average daily membership for the school from the 2023-2024 school year. If the school did not have an average daily membership in the 2023-24 school year, the projected average daily membership for the school for the 2024-25 school year shall be used between July 1, 2024 and December 31, 2024, and the average daily membership for the school shall be used between January 1, 2025 and June 30, 2025.

SECTION 7A.3.(e) For purposes of determining the school growth scores for each principal in the 2024-25 school year, placement on the schedule related to school growth scores shall be based on the placement of the principal in the 2023-24 school year.

SECTION 7A.3.(f) Beginning with the 2017-18 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.3.(g) 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 determined pursuant to subsections (a) through (d) of this section.
- (2) For principals who were eligible for longevity in the 2016-17 fiscal year, the sum of the following:
 - a. The salary the principal received in the 2016-17 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 2016-17 fiscal year based on the principal's current years of service.
- (3) For principals who were not eligible for longevity in the 2016-17 fiscal year, the salary the principal received in the 2016-17 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

ASSISTANT PRINCIPAL SALARIES

SECTION 7A.4.(a) For the 2024-25 fiscal year, assistant principals shall receive a monthly salary based on the relevant salary schedule for teachers shown in Section 7A.1(a) 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.4.(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.4.(c) Participants in an approved full-time master's in-school administration program shall receive up to a 10-month stipend at the beginning salary of an assistant principal during the internship period of the master's program. The stipend shall not exceed the difference between the beginning salary of an assistant principal plus the cost of tuition, fees, and books and any fellowship funds received by the intern as a fulltime student, including awards of the Principal Fellows Program. The Principal Fellows Program or the school of education where the intern participates in a fulltime master's in-school administration program shall supply the Department of Public Instruction with certification of eligible fulltime interns.

SECTION 7A.4.(d) Beginning with the 2017-18 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.4.(e) An assistant principal compensated in accordance with this section for the 2023-25 fiscal biennium shall receive an amount equal to the greater of the following:

- (1) The applicable amount determined pursuant to subsections (a) through (d) of this section.
- (2) For assistant principals who were eligible for longevity in the 2016-17 fiscal year, the sum of the following:
 - a. The salary the assistant principal received in the 2016-17 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 2016-17 fiscal year based on the assistant principal's current years of service.
- (3) For assistant principals who were not eligible for longevity in the 2016-17 fiscal year, the salary the assistant principal received in the 2016-17 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

CENTRAL OFFICE SALARIES

SECTION 7A.5.(a) For the 2024-25 fiscal year, beginning July 1, 2024, 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 three percent (3%).

SECTION 7A.5.(b) The monthly salary maximums that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2024-25 fiscal year, beginning July 1, 2024:

2024-25 Fiscal Year

	Maximum
School Administrator I	\$7,800
School Administrator II	\$8,265
School Administrator III	\$8,757
School Administrator IV	\$9,099
School Administrator V	\$9,463
School Administrator VI	\$10,023
School Administrator VII	\$10,424

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.5.(c) The monthly salary maximums that follow apply to public school superintendents for the 2024-25 fiscal year, beginning July 1, 2024:

2024-25 Fiscal Year

	Maximum
Superintendent I	\$11,049
Superintendent II	\$11,707
Superintendent III	\$12,410
Superintendent IV	\$13,156
Superintendent V	\$13,947

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.5.(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.5.(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.5.(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.

NON-CERTIFIED PERSONNEL SALARIES

SECTION 7A.6.(a) For the 2024-25 fiscal year, beginning July 1, 2024, 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 three percent (3%).
- (2) For the following employees, by a prorated and 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.

PART VIII. UNIVERSITY OF NORTH CAROLINA SYSTEM

GROWING THE HEALTHCARE WORKFORCE

SECTION 8.1.(a) Establishment of the Fund. – Of the funds appropriated to the Board of Governors of the University of North Carolina by this act for the 2024-25 fiscal year, the Board shall use ten million (\$10,000,000) to establish the Fund for Growing the Health Care Workforce (Fund). Any unexpended funds remaining in the Fund at the end of the fiscal year

shall not revert to the General Fund but shall remain available for the purposes set forth in this section through June 30, 2025. The Fund shall be used to assist independent college and universities who participate in the State Need Based Grant in starting or expanding programs that will grow the health care workforce, including through providing greater facility capacity for trainees; increasing the numbers of health faculty and staff; and providing student support, equipment and lab space.

SECTION 8.1.(b) Report. – The Board shall submit an initial report to the Joint Legislative Education Oversight Committee by December 1, 2025, and an annual report thereafter for each year the Board provides funds, on the programs receiving the funds, which shall include at least the following information:

- (1) The institutions that received funds, the amount of funds, and the types of programs started.
- (2) The use of funds by each institution 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 programs receiving funds.

COLLEGE ADVISING CORPS

SECTION 8.2.(a) Purpose of the College Advising Corps Program. – From the funds appropriated by this act for the 2023-25 fiscal biennium to the Board of Governors of The University of North Carolina for the College Advising Corps program, the Board of Governors shall provide a directed grant to the National College Advising Corps, Inc. (CAC) to support an expansion of the placement of college advisers in North Carolina public schools through their program. CAC is a college access nonprofit organization with the mission to increase the number of underrepresented, low-income, or first-generation postsecondary degree or certificate students entering and completing their postsecondary education at community colleges and universities. In furthering this mission, CAC operates an innovative model of partnering with schools, communities, families, and postsecondary institutions, including providing for a two-year service opportunity to recent college graduates as near-peer college advisers working fulltime in the public schools, with an emphasis on engaging college advisers who have similar backgrounds to the students the program seeks to serve. Near-peer college advisers perform various services for those students that are key components to the proven success of the program, including (i) attending postsecondary campus visits, fairs, and workshops with students, (ii) assisting with registering for college entrance exams, (iii) assisting with Free Application for Federal Student Aid (FAFSA) registrations and completions, (iv) identifying available scholarships, (v) assisting with postsecondary applications, and (vi) engaging with families.

SECTION 8.2.(b) Matching Funds. – Funds made available to CAC pursuant to this section shall be matched by CAC on the basis of two dollars (\$2.00) in non-State funds for every one dollar (\$1.00) in State funds. Availability of these matching funds shall not revert, but shall continue to be available for the purposes set forth in this section.

SECTION 8.2.(c) Use of Funds. – CAC shall focus expansion of its program using the funds provided to it under this section to achieve placement of college advisers in all 100 counties of the State. In addition, CAC shall select at least three additional postsecondary institutions to partner with in order to increase the number of recent graduates working as near-peer college advisers to meet the needs of the program expansion. Once CAC has reached the goal of placement of college advisers in 100 counties, the funds provided to it for the program shall be used to continue the mission of the program to increase access for North Carolina public school students to postsecondary degree or certificate attainment at community colleges and universities.

SECTION 8.2.(d) Reporting Requirements. – CAC shall submit a report by June 1 of each year in which CAC spends State funds made available to it pursuant to this section to the

Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State Budget and Management on the progress of expanding the placement of college advisers, data on the effectiveness of the program in increasing access for students to postsecondary education, and the use of State funds.

SPORTS BETTING – USE OF PROCEEDS / REVERSION

SECTION 8.3.(a) G.S. 116.30.3 reads as rewritten:

"§ 116-30.3. Reversions.

(a) Of the General Fund current operations appropriations credit balance remaining at the end of each fiscal year in each of the budget codes listed in this subsection, any amount of the General Fund appropriation for that budget code for that fiscal year (i) may be carried forward to the next fiscal year in that budget code, (ii) is appropriated in that budget code, and (iii) may be used for the purposes set out in subsection (f) of this section. However, the amount carried forward in each budget code under this subsection shall not exceed two and one-half percent (2.5%) of the General Fund appropriation in that budget code. The Director of the Budget, under the authority set forth in G.S. 143C-6-2, shall establish the General Fund current operations credit balance remaining in each budget code.

The budget codes that may carry forward a General Fund current operations appropriations credit balance remaining at the end of each fiscal year pursuant to this section are the budget codes for each of the following:

- (1) Each special responsibility constituent institution.
- (2) The Area Health Education Centers of the University of North Carolina at Chapel Hill.
- (3) University of North Carolina System Office Budget Code 16010.
- (b) Repealed by Session Laws 1998-212, s. 11(b).
- (c) Repealed by Session Laws 1998-212, s. 11(a).
- (d) Repealed by Session Laws 1998-212, s. 11(b).
- (e) Repealed by Session Laws 2014-100, s. 11.17(a), effective July 1, 2014.
- (f) Funds carried forward pursuant to subsection (a) of this section may be used for one-time expenditures; provided, however, expenditures authorized by this subsection shall not impose additional financial obligations on the State and shall not be used to support positions.

(g) Funds appropriated pursuant to G.S. 105-113.128 may be carried forward to the next fiscal year and shall not revert until the end of that fiscal year."

PART VIII-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY

OPPORTUNITY SCHOLARSHIPS ACCOUNTABILITY

SECTION 8A.1.(a) G.S. 115C-562.1 reads as rewritten:

"§ 115C-562.1. Definitions.

The following definitions apply in this Part:

...

- (3a) Eligible student. – A student residing in North Carolina who has not yet received a high school diploma and who meets all of the following requirements:
 - a. Is eligible to attend a North Carolina public school pursuant to Article 25 of this Chapter. A child who is the age of 4 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. 115C562.2(d) and those findings are submitted to the Authority.

- b. Has not been enrolled in a postsecondary institution as a full-time student taking at least 12 hours of academic credit.
- c. Has not been placed in a nonpublic school or facility by a public agency at public expense.
- d. Received a scholarship grant during the previous school year."

SECTION 8A.1.(b) G.S. 115C-562.2 reads as rewritten:

"§ 115C-562.2. Scholarship grants.

(a) The Authority shall make available no later than February 1 annually applications to eligible students for the award of scholarship grants to attend any nonpublic school on a full or part-time basis. Information about scholarship grants and the application process shall be made available on the Authority's Web site. Beginning March 15, the Authority shall begin awarding scholarship grants to students who have applied by March 1 in the following order: grants.

- (1) ~~Eligible students who received a scholarship grant for the school year prior to the school year for which the students are applying.~~
- (2) ~~Eligible students qualifying for a scholarship grant in the amount provided under subdivision (1) of subsection (b2) of this section.~~
- (3) ~~Eligible students qualifying for a scholarship grant in the amount provided under subdivision (2) of subsection (b2) of this section.~~
- (4) ~~Eligible students qualifying for a scholarship grant in the amount provided under subdivision (3) of subsection (b2) of this section.~~
- (5) ~~All other students.~~

(b1) Repealed by Session Laws 2021-180, s. 8A.3(e), effective July 1, 2021.

(b2) ~~Scholarship grants shall be awarded to eligible students as follows:~~

- (1) ~~For students residing in households with an income level not in excess of the amount required for the student to qualify for the federal free or reduced price lunch program, per year per eligible student, an amount of up to one hundred percent (100%) of the average State per pupil allocation for average daily membership in the prior fiscal year.~~
- (2) ~~For students residing in households with an income level between the amount required for the student to qualify for the federal free or reduced price lunch program and not in excess of two hundred percent (200%) of that amount, per year per eligible student, an amount of up to ninety percent (90%) of the average State per pupil allocation for average daily membership in the prior fiscal year.~~
- (3) ~~For students residing in households with an income level of between two hundred percent (200%) of the amount required for the student to qualify for the federal free or reduced price lunch program and not in excess of four hundred fifty percent (450%) of that amount, per year per eligible student, an amount of up to sixty percent (60%) of the average State per pupil allocation for average daily membership in the prior fiscal year.~~
- (4) ~~For all students, per year per eligible student, an amount of up to forty five percent (45%) of the average State per pupil allocation for average daily membership in the prior fiscal year, unless the student qualifies for a higher amount under this subsection.~~

(b3) Tuition and fees for a nonpublic school may include tuition and fees for books, transportation, equipment, or other items required by the nonpublic school.

(b4) No scholarship grant shall exceed, per year per eligible student, an amount equal to one hundred percent (100%) of the average State per pupil allocation for average daily membership in the prior fiscal year, ninety percent (90%) for a full-time student or forty-five percent (45%) for a part-time student of the average State per pupil allocation for average daily

membership in the prior fiscal year, and no scholarship grant shall exceed the required tuition and fees for the nonpublic school the eligible student will attend.

(b5) In addition to the amount of the scholarship grant, for any student receiving a scholarship grant in grades three, eight, or 11, the Authority shall provide to the nonpublic school an amount equal to the cost of the nationally standardized test required to be administered as provided in G.S. 115C562.5.

(b6) Scholarship grants awarded to eligible students residing in households with an income level not in excess of the amount required for the student to qualify for the federal free or reduced-price lunch program shall be, per year per eligible student, in an amount of up to ninety percent (90%) as a full-time student or up to forty-five percent (45%) as a part-time student of the average State per pupil allocation for average daily membership in the prior fiscal year, unless this amount exceeds required tuition in fees, in which case the amount shall be the full tuition and fees. Scholarship grants awarded to eligible students residing in households with an income level in excess of the amount required for the student to qualify for the federal free or reduced-price lunch program for full-time student shall be for amounts of not more than ninety percent (90%) of the required tuition and fees as a full-time student or up to ninety-percent (90%) of the average State per pupil allocation for average daily membership in the prior fiscal year, whichever is lower. For part time students, this shall be up to forty-five percent (45%) of the required tuition and fees as a part-time student for the nonpublic school the eligible child will attend or up to forty-five percent (45%) as a part-time student of the average State per pupil allocation for average daily membership in the prior fiscal year, whichever is lower."

SECTION 8A.1.(c) G.S. 115C-562.8(b) reads as rewritten:

"§ 115C562.8. 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 funding~~ 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	\$415,540,000 \$174,236,499
2026-2027	\$430,540,000 \$166,919,213
2027-2028	\$445,540,000 \$158,337,000
2028-2029	\$460,540,000 \$147,151,195
2029-2030	\$475,540,000 \$134,275,040
2030-2031	\$490,540,000 \$119,413,575
2031-2032	\$505,540,000 \$105,039,929
<u>2032-2033</u>	\$89,344,633
<u>2033-2034</u>	\$71,034,400
<u>2034-2035</u>	\$48,759,219
<u>2035-2036</u>	\$24,022,254

For the ~~2032-2033~~2036-2037 fiscal year and each fiscal year thereafter, there is appropriated from the General Fund to the Reserve the sum of ~~five hundred twenty million five hundred forty~~

~~thousand zero~~ dollars ~~(\$0)(\$520,540,000)~~ to be used for the purposes set forth in this section. When developing the base budget, as defined by G.S. 143C-11, 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."

SECTION 8A.1(d) The State Education Assistance Authority shall not award scholarship funds to new recipients pursuant to Part 2A of Article 39 of Subchapter X of Chapter 115C of the General Statutes after the 2023-2024 academic year.

SECTION 8A.1(e) G.S. 115C-562.2 is amended by adding a new subsection to read:

"(c1) An eligible student awarded a scholarship grant shall participate in administration of examinations required by G.S. 115C-562.5 to maintain eligibility for receipt of the scholarship grant."

SECTION 8A.1(f) G.S. 115C-562.5 reads as rewritten:

"§ 115C-562.5. Obligations of nonpublic schools accepting eligible students receiving scholarship grants.

(a) A nonpublic school that accepts eligible students receiving scholarship grants shall comply with the following:

- (1) Provide to the Authority annually documentation for required tuition and fees charged to the student by the nonpublic school. A nonpublic school that accepts eligible students receiving scholarship grants shall not increase tuition each year by more than the Consumer Price Index as calculated by the United States Bureau of Labor Statistics and reported on January 1 of the year in which the school is increasing tuition.
- (2) Provide to the Authority a criminal background check conducted for the staff member with the highest decision-making authority, as defined by the bylaws, articles of incorporation, or other governing document, to ensure that person has not been convicted of any crime listed in G.S. 115C-332.
- (3) Provide to the parent or guardian of an eligible student, whose tuition and fees are paid in whole or in part with a scholarship grant, an annual written explanation of the student's progress, including the student's scores on standardized achievement tests.
- (4) Administer, at least once in each school year (or more as required by State or Federal Requirements) the assessments and tests required by the State Board of Education for public schools to comply with federal law according to grade level pursuant to G.S. 115C-174.11(c)(1). ~~tests as provided in this subdivision.~~ Student-level test ~~Test~~ performance data shall be submitted to the Authority by July 15 of each year and retained by the nonpublic school for a five-year period and shall be subject to audit by the Authority to ensure compliance with this subdivision and for the purpose of the evaluation required by G.S. 115C-562.7A.~~year.~~ Test ~~Personally identifiable individual test~~ performance data reported to the Authority or audited or collected for evaluation purposes by the Authority under this subdivision is not a public record under Chapter 132 of the General Statutes. Nothing in this subdivision shall be deemed to prohibit a nonpublic school from administering other standardized tests or tests at other grade levels for its own purposes. Tests shall be administered to all eligible students ~~enrolled in grades three and higher~~ whose tuition and fees are paid in whole or in part with a scholarship ~~grant grant.~~ as follows:
 - a. ~~The nationally standardized test designated by the Authority in grades three and eight.~~
 - b. ~~The ACT in grade 11.~~

e. ~~A nationally standardized test or other nationally standardized equivalent measurement selected by the chief administrative officer of the nonpublic school in all other grades four and higher. For grades four through seven, 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, 10, and 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.~~

(4b) Pursuant to G.S. 115C-107.6, educate each child with a disability awarded scholarship funds in accordance with that child's Individualized Education Plan (IEP) and in compliance with the Individuals with Disabilities Act (IDEA) and State Board of Education policies.

(5) Provide to the Authority four-year cohort graduation rates of the students receiving scholarship grants in a manner consistent with the requirements of Title I, Part A of ESEA and 34 C.F.R. §200.19. nationally recognized standards.

(5b) Provide to the Authority by August 1 of each year attendance records of students receiving scholarship grants during the previous school year.

(6) Contract with a certified public accountant to perform a financial ~~review~~ audit, consistent with generally accepted methods of accounting 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, students who collectively receive more than one hundred thousand dollars (\$100,000) in scholarship grants awarded under this Part. If a nonpublic school accepts students receiving less than one hundred thousand dollars (\$100,000) in scholarship grants, the school shall contract with a certified public accountant to perform a financial audit once every three years. The nonpublic school shall submit the audit report to the Authority by December 31 of each year an audit is conducted.

(7) Maintain a school facility within the State where in-person instruction is provided. This subdivision does not prohibit a school from offering remote-only courses of instruction in addition to in-person instruction.

(8) Provide the following information annually to the Division:

- a. Name and address of the school, including physical location address. A school with more than one physical location shall establish a separate notice of intent for each physical location and shall provide all information required by this subdivision for each physical location.
- b. The name of the owners and chief administrator, as well as their contact information.
- c. Number of students in attendance at the school as of October 1.
- d. Documentation of a completed fire inspection within the previous 365 days.

(10) In coordination with local law enforcement agencies, adopt a School Risk Management Plan (SRMP) relating to incidents of school violence as detailed in G.S. 115C-47 (40). In constructing and maintaining these plans, the school shall 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.

- (11) Pursuant to G.S. 115C-105.53, provide schematic diagrams and keys to the main entrance of school facilities to local law enforcement agencies. These diagrams are not considered a public record as the term "public record" is defined under G.S. 132-1.
- (12) Pursuant to G.S. 115C-105.49, 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 qualified nonpublic school's SRMP.
- (13) Provide the following: (i) schematic diagrams, including digital schematic diagrams, and (ii) emergency response information requested by the Department of Public Safety, Division of Emergency Management for the SRMP. These diagrams and emergency response information are not considered a public record as the term "public record" is defined under G.S. 132-1.
- (b) A nonpublic school that accepts students receiving scholarship grants shall not require any additional fees based on the status of the student as a scholarship grant recipient.
- (c) A nonpublic school enrolling more than 25 students in any grade whose tuition and fees are paid in whole or in part with a scholarship grant shall provide and retain information on student test performance in each grade with more than 25 students, as follows:
- (1) Report to the Authority on the aggregate standardized test performance of the individual student standardized test performance of eligible students in grades three, eight, and 11 under subsection (4) of this section. Aggregate test performance data reported to the Authority which does not contain personally identifiable student data shall be a public record under Chapter 132 of the General Statutes. The Authority shall make these reports of aggregate student standardized test performance publicly available. Test performance data may be shared with public or private institutions of higher education located in North Carolina and shall be provided to an independent research organization selected by the Authority for research purposes as permitted by the Federal Education Rights and Privacy Act, 20 U.S.C. § 1232g.
- (2) Retain standardized test performance data for eligible students in all other grades and annually certify to the Authority compliance with the requirements of subdivision (4) of subsection (a) of this section.
- (c1) A nonpublic school shall not discriminate with respect to the categories listed in 42 U.S.C. § 2000d, as that statute read on January 1, 2014, and with respect to the definitions of an individual with a disability as defined in the Americans With Disabilities Act of 1990, 42 U.S.C. § 12101 as that statute read on January 1, 2024."
- SECTION 8A.1.(g)** G.S. 115C-562.7(b) is amended by adding a new sub-subsection to read:
- "(6) Information on the compliance with the academic assessment requirement pursuant to G.S. 115C-562.5(a)(4)."
- SECTION 8A.1.(h)** G.S. 115C-112.7 is amended by adding a new subsection to read:
- "(d) The State Education Assistance Authority, in coordination with the Department of Public Instruction, shall make publicly available by September 30 of each year school achievement, growth, and performance scores and associated performance grades pursuant to G.S. 115C-83.15 for nonpublic schools that enroll more than more than 25 students whose tuition and fees are paid in whole or in part with a scholarship grant. This section is effective with the 2024-25 school year. The first school achievement, growth, and performance scores and associated performance grades shall be made publicly available by September 30, 2025."
- SECTION 8A.1.(i)** Section 8A.6(i) and Section 8A.6(j) of Session Law 2023-134 are repealed.

SECTION 8A.1.(j) Article 41 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-593.5. Academic Assessments. – A nonpublic school that accepts eligible students receiving scholarship funds shall academically assess students on an annual basis for each school year at the same grade levels as required by the State Board of Education for students in the public schools pursuant to G.S. 115C-174.11(c)(1). An eligible student awarded scholarship funds who is enrolled in a nonpublic school shall participate in the academic assessments to maintain eligibility for receipt of the scholarship funds.

Assessment data shall be retained by the nonpublic school for a five-year period and shall be subject to audit by the Authority to ensure compliance with this subsection. Assessment data shall be provided to the parent or guardian of an eligible student, whose tuition and fees are paid in whole or in part with scholarship funds, with an annual written explanation of the student's progress, including the results of the student's academic assessment. If an eligible student received an academic assessment pursuant to G.S. 115C-112.6 for a school year, the academic assessment may be used to meet the requirements of this subsection. Nothing in this subsection shall be deemed to prohibit a nonpublic school from administering assessments at other grade levels for its own purposes."

SECTION 8A.1.(k) G.S. 115C-598 is amended by adding a new subdivision to read:

"(6) Information on the compliance with the academic assessment requirement pursuant to G.S. 115C-593.5."

SECTION 8A.1.(l) This provision is effective when it becomes law and applies beginning with the 2024-25 school year.

TEACHING FELLOWS EXPANSION

SECTION 8A.2.(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.
- (5a) ~~Qualifying licensure area. – A teacher licensure area in one of the following subjects:~~
 - a. ~~Either of the following, as identified pursuant to G.S. 116-209.62(h):~~
 1. ~~Special education.~~
 2. ~~STEM.~~
 - b. ~~Elementary education (K-6).~~
- (5b) Qualifying teacher. – A teacher in a North Carolina public school who meets the following criteria:
 - a. Received a forgivable loan under the Program.
 - b. Graduated within 10 years from an educator preparation program leading to teacher licensure, excluding any authorized deferment for extenuating circumstances.
- (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 teachers ~~in qualifying licensure areas~~ 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 qualifying 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 ~~qualifying licensure areas~~ teaching 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 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. The Commission shall make an effort to identify and encourage students of color and students who may not otherwise consider a career in teaching to enter the program. Recruitment activities shall include a broad-based effort (i) targeting regions of the State with the highest teacher attrition rates and teacher recruitment ~~challenges, challenges and~~ (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 qualifying licensure areas to the Program.~~ State to attract a diverse pool of applicants. 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 ~~qualifying licensure area in North Carolina public schools.~~
- (f) Program Selection Criteria. – The Authority shall administer the Program in cooperation with ~~up to 10 institutions~~ any institution of higher education with ~~approved~~ a State Board of Education approved educator preparation program. For an educator preparation program enrolling loan recipients in a program of study leading to licensure in elementary education (K 6), provides training that is aligned with the Science of Reading in accordance with G.S. 115C 269.20. The Commission shall contract with a third party entity to biennially evaluate whether a program identified in this subdivision is providing training that is aligned with the Science of Reading. ~~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 qualifying licensure areas.~~
 - (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.~~
 - (8) ~~For an educator preparation program enrolling loan recipients in a program of study leading to licensure in elementary education (K-6), provides training that is aligned with the Science of Reading in accordance with G.S. 115C 269.20. The Commission shall contract with a third party entity to biennially evaluate whether a program identified in this subdivision is providing training that is aligned with the Science of Reading.~~
- (g) Awards of Forgivable Loans. – The Program shall provide forgivable loans to selected students to be used at ~~up to 10 selected~~ the participating institutions for completion of a program leading to initial teacher licensure as follows:
- (1) North Carolina high school seniors. – Forgivable loans of up to five thousand dollars (\$5,000) 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 five thousand dollars (\$5,000) 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 five thousand dollars (\$5,000) 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. –

1 Forgivable loans of up to five thousand dollars (\$5,000) per semester for up
2 to four semesters.

3 Forgivable loans may be used for tuition, fees, the cost of books, and expenses related to
4 obtaining licensure.

5 ~~(h) Identification of STEM and Special Education Licensure Areas. The Superintendent~~
6 ~~of Public Instruction shall identify and provide to the Commission and the Authority a list of~~
7 ~~STEM and special education licensure areas and shall annually provide to the Commission the~~
8 ~~number of available positions in each qualifying licensure area relative to the number of current~~
9 ~~and anticipated teachers in that area of licensure. The Commission shall make the list of STEM~~
10 ~~and special education licensure areas readily available to applicants.~~

11 ...

12 (j) Annual Report. – The Commission, in coordination with the Authority, the
13 Department of Public Instruction, and the ~~selected-participating~~ educator education programs
14 participating in the Program shall report no later than January 1, 2019, and annually thereafter,
15 to the Joint Legislative Education Oversight Committee regarding the following:

16 (1) Forgivable loans awarded from the Trust Fund, including the following:

- 17 a. Demographic information regarding recipients.
18 b. Number of recipients by institution of higher education and program.
19 c. Information on number of recipients by anticipated ~~qualifying~~
20 licensure area.

21 (2) Placement and repayment rates, including the following:

- 22 a. Number of graduates who have been employed in a ~~qualifying-North~~
23 ~~Carolina public school by~~ licensure area within two years of program
24 completion.
25 b. Number of graduates who accepted employment at a low-performing
26 school identified under G.S. 115C-105.37 as part of their years of
27 service.
28 c. Number of graduates who have elected to do loan repayment and their
29 years of service, if any, prior to beginning loan repayment.
30 d. Number of graduates employed in a ~~qualifying-North Carolina public~~
31 ~~school by~~ licensure area who have received an overall rating of at least
32 accomplished and have met expected growth on applicable standards
33 of the teacher evaluation instrument.
34 e. Aggregate information on student growth and proficiency in courses
35 taught by graduates who have fulfilled service ~~requirements through~~
36 ~~employment in a qualifying licensure area requirements."~~

37 38 **PART IX-A. AGING AND ADULT SERVICES [RESERVED]**

39 40 **PART IX-B. CENTRAL MANAGEMENT AND SUPPORT**

41 42 **REPLACEMENT FOR CRITICAL IT SYSTEMS THAT SUPPORT SUBSTANCE USE** 43 **DISORDER PREVENTION AND TREATMENT**

44 **SECTION 9B.1.** The Department of Health and Human Services shall develop and
45 implement a replacement for outdated data systems supporting substance use prevention and
46 treatment goals, specifically concerning the Driving While Impaired Services (DWI), the Drug
47 Education School (DES), and the Drug Control Unit (DCU) programs designed to prevent
48 progression of misuse of substances through education and regulatory supports. The project shall
49 not proceed until the business case has been approved by the Office of State Budget and
50 Management and the State Chief Information Officer in the Enterprise Project Management
51 Office's Touchdown System. Upon approval, Mixed Use Beverage tax receipts available in

Budget Code 14460, Budget Fund 134603, may be budgeted for transfer to Budget Code 24410 for information technology projects in an amount not to exceed two million dollars (\$2,000,000). Following project completion, the Division of Mental Health may use Mixed Use Beverage Tax receipts to cover operations and maintenance costs for the new IT system.

PART IX-C. CHILD AND FAMILY WELL-BEING [RESERVED]

PART IX-D. CHILD DEVELOPMENT AND EARLY EDUCATION

CHILD CARE STABILIZATION GRANTS

SECTION 9D.1. The Division of Child Development and Early Education shall reinstate Child Care Stabilization Grants for compensation to prevent child care closures and encourage program capacity growth and maintain the critical compensation support for a qualified workforce.

CHILD CARE SUBSIDY RATE FLOOR

SECTION 9D.2.(a) Section 9D.3(c) of S.L. 2023-134 reads as rewritten:
"CHILD CARE SUBSIDY RATES

...

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 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 statewide floor rate, whichever is higher, 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.
- (6) Certified Developmental Day Centers shall receive the statewide average or county market rate, whichever is higher, plus a multiplier of 0.75 for children with special needs and multiplier of 0.5 for typically developing children.

...."

GRANTS FOR CHILD CARE FACILITIES AND NC PRE-K CLASSROOMS

SECTION 9D.3.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Child Development and Early Education (Division), the sum of fifty million dollars (\$50,000,000) in nonrecurring funds shall be used to provide grants for child care facilities and North Carolina prekindergarten (NC Pre-K) classrooms, particularly those located in areas with limited access to child care, and low-performing and high-poverty districts. The Division may administer the program or subcontract administration using up to one percent (1%) of the funds for administration and shall award grants under this section pursuant to criteria established by the Division in accordance with federal law and guidance.

SECTION 9D.3.(b) These grants shall be one-time awards to assist with new or expanded high-quality child care initiatives as follows:

- (1) Start-up costs associated with establishing a new NC Pre-K classroom or child care facility.
- (2) Quality improvements for existing NC Pre-K classrooms or child care facilities that increase the classroom or facility's capacity or upgrade its star rating.
- (3) Capital improvements or renovations, including adding or upgrading outdoor play and learning environments, or increasing a facility's total capacity.

SECTION 9D.3.(c) Of the funds appropriated in this act to the Division of Child Development and Early Education for NC Pre-K and Child Care Enhancement Grants, the Division shall use up to one hundred thousand dollars (\$100,000) to evaluate the effectiveness of the NC Pre-K and Child Care Enhancement Grants and up to one hundred thousand dollars (\$100,000) to evaluate the effectiveness of the Child Care Stabilization Grants funded in this act. The Division may choose to contract a third party to conduct one or both of these evaluations. The Division may consult with the Office of State Budget and Management (OSBM) for assistance on how to develop an evaluation, including how to register and use a pre-analysis plan. The Division shall report annually to OSBM and the Fiscal Research Division of the General Assembly on the progress of the evaluation and, when completed, make publicly available the pre-analysis plan, the final evaluation report, and (to the extent possible) an anonymized version of the dataset(s) that is sufficient for others to replicate the reported analytics.

EARLY EDUCATION PROVIDER GRANT PILOT PROGRAM

SECTION 9D.4.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Child Development and Early Education, the sum of twenty-five million dollars (\$25,000,000) in nonrecurring funds for fiscal year 2024-25 shall be used to provide funding for the Early Education Provider Grant Pilot program established by this section. Funds provided under this section shall be distributed to provide free or reduced cost, quality child care for employees working at child care centers or providing home-based care, regardless of their qualification status for the state's Child Care Subsidy program. Upon completion of the pilot program, any unexpended funds shall revert to the General Fund.

SECTION 9D.4.(b) There is established the Early Education Provider Grant Pilot Program, a program that:

- (1) Helps child care teachers continue working by helping them access affordable, quality care for their own children.
- (2) Helps child care employers retain and attract qualified employees.
- (3) Help stabilize child care businesses across the State.

SECTION 9D.4.(c) The Division shall set eligibility, application, award, and fund distribution standards for the program. At a minimum, child care teachers and employees receiving this benefit must work at programs currently achieving a three star rating or higher. Awards shall be provided at the local subsidized child care rate.

SECTION 9D.4.(d) Of the funds appropriated in this act to the Division for the Early Education Provider Grant Pilot Program, the Division may use up to three percent (3%) for administrative costs.

SECTION 9D.4.(e) Of the funds appropriated in this act to the Division of Child Development and Early Education for the Early Education Provider Grant Pilot Program, the Division shall use up to one hundred thousand dollars (\$100,000) to conduct an evaluation of the program or contract a third party to evaluate the program. Within six months after completion of the pilot program, the Division shall submit the evaluation to the Joint Legislative Oversight Committee on Health and Human Services, the Office of State Budget and Management, and the Fiscal Research Division. The evaluation shall include, at a minimum, each of the following:

- (1) The number of teachers served, by county.

- (2) Total pilot program costs, including any administrative costs.
- (3) How many participants were hired or retained in teacher roles because of grant.
- (4) How many participating teachers already met the requirements to qualify for the Child Care Subsidy program in North Carolina and were already participating or were not participating, and why.
- (5) Any other relevant information deemed appropriate.

TRI-SHARE CHILD CARE PILOT PROGRAM EXPANSION

SECTION 9D.5 Section 9D.9 of S.L. 2023-134 reads as rewritten:

"TRI-SHARE CHILD CARE PILOT PROGRAM

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 ~~nine hundred thousand dollars~~ one million three hundred thousand dollars (\$900,000)(\$1,300,000.00) in nonrecurring funds for ~~each year of the 2023-2025 fiscal biennium~~ fiscal year shall be used to provide the State portion of funding for the Tri-Share Child Care pilot program established by this section. Funds provided under this section shall be divided evenly in each fiscal year among the regional facilitator hubs, as described in subsection (c) of this section, selected to participate in the pilot program. Upon completion of the pilot program, any unexpended funds shall revert to the General Fund.

SECTION 9D.9.(b) The Division of Child Development and Early Education (Division), in collaboration with the North Carolina Partnership for Children, Inc. (NCPC), shall establish a two-year pilot program 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.(c) The Division and NCPC shall select up to ~~four~~ three local partnerships to serve as regional facilitator hubs to implement and administer the pilot program 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 program from geographically diverse areas across the State, with one selected from a tier one county and one selected from a tier three county. For purposes of this section, a tier one and tier three county shall have the same designation as that established by the North Carolina Department of Commerce's 2023 County Tier Designations.

SECTION 9D.9.(d) The local partnerships selected to serve as regional facilitator hubs shall establish and determine program eligibility. For purposes of this pilot program, an employee is eligible to participate in the program if the employee (i) is employed by a Page 222 Session Law 2023-134 House Bill 259 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.(e) 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.(f) A regional facilitator hub may use up to nine percent (9%) of its allocation for administrative costs.

SECTION 9D.9.(g) Of the funds appropriated in this act to the Division of Child Development and Early Education for the Tri-Share Child Care Pilot Program Expansion, the Division shall use up to one hundred thousand dollars (\$100,000) to conduct an evaluation of the program or contract a third party to evaluate the program. Within six months after completion of the pilot program, the Division shall submit ~~a report~~the evaluation 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~~evaluation shall include, at a minimum, each of the following:

- (1) The number of children served, by age and county.
- (2) Total pilot program 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 program.
- (5) Any other relevant information deemed appropriate.
- (6) Statistics that describe the uptake and use of the program, such as the number of applications received, amount of funds requested, number of applications approved, total amount of funds awarded, and the types of child care used by students with pilot funds.
- (7) An estimate of the number of families who would not otherwise access child care services but do so as a result of this program.
- (8) An assessment of obstacles to receiving these funds or participating in the program by families and businesses.
- (9) Recommendations on whether to continue the program and, if so, what program improvements might be made."

PART IX-E. HEALTH BENEFITS

ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE

SECTION 9E.1. Section 9E.5(b) of S.L. 2023-134 reads as rewritten:

"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 20242025 fiscal year, the Department of Health and Human Services shall deposit from its revenues ~~eighty-eight million four hundred thousand dollars (\$88,400,000)~~ one hundred fifty-nine million five hundred thousand (\$159,500,000) 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:

- 1 a. For the 2023-2024 fiscal year, the amount of thirty-one million three
2 hundred sixty five thousand three hundred five dollars (\$31,365,305).
3 b. For the 2024-2025 fiscal year, the amount of thirty-one million three
4 hundred sixty five thousand three hundred five dollars (\$31,365,305).
5 (2) All State owned and State operated hospitals, other than the University of
6 North Carolina Hospitals at Chapel Hill, that specialize in psychiatric care
7 shall annually deposit an amount equal to the amount of the payments from
8 DHB for uncompensated care."
9

10 PART IX-F. HEALTH SERVICES REGULATION

11 RADIATION PROTECTION SECTION X-RAY FEE CAPS

12 SECTION 9F.1. G.S. 104E-19. reads as rewritten:

13 "§104E-19. Fees.

14 (a) An annual fee in the amount set by the Department is imposed on a person who is
15 required to be registered or licensed under this Chapter. The Department must set the fees at
16 amounts that provide revenue to offset its costs in performing its duties under this Chapter.

17 (b) Repealed by Session Laws 1987, c. 850, s. 13.

18 (c) The annual fees under subsection (a) of this section shall not exceed the maximum
19 amounts as follows:
20

21 (1) For tanning facilities: two hundred dollars (\$200.00) for the first piece of
22 tanning equipment and thirty dollars (\$30.00) for each additional piece of
23 tanning equipment.

24 (2) For the following categories of facilities registered to use X-ray tubes or X-ray
25 equipment: clinics, chiropractors, dentists, educational, government,
26 podiatrists, industrial, physicians, veterinarians, and other; ~~two~~four hundred
27 dollars ~~(\$200.00)~~ (\$400.00) for the first X-ray tube or piece of X-ray equipment
28 and ~~thirtysixty~~ dollars ~~(\$30.00)~~ (\$60.00) for each additional X-ray tube or
29 piece of X-ray equipment.

30 (3) For the following categories of facilities registered to use X-ray tubes or X-ray
31 equipment: industrial medical, health departments, and service; ~~threesix~~
32 hundred dollars ~~(\$300.00)~~ (\$600.00) for the first X-ray tube or piece of X-ray
33 equipment and forty dollars ~~(\$40.00)~~ (\$80.00) for each additional X-ray tube
34 or piece of X-ray equipment.

35 (4) For the following categories of facilities registered to use X-ray tubes or X-ray
36 equipment: hospitals and industrial radiography; ~~four~~eight hundred dollars
37 ~~(\$400.00)~~ (\$800.00) for the first X-ray tube or piece of X-ray equipment and
38 ~~fiftyone~~ hundred dollars ~~(\$50.00)~~ (\$100.00) for each additional X-ray tube or
39 piece of X-ray equipment. (1975, c. 718, s. 1; 1981, c. 704, s. 13; 1987, c. 633,
40 s. 9; c. 850, s. 13; 1987 (Reg. Sess., 1988), c. 993, s. 26; 2001474, s. 5;
41 2009451, s. 13.3(a).)

42 (d) The Division shall increase the X-ray fees to align with G.S. 104E.19 subsection (c)
43 according to the following schedule; X-ray fees shall increase at 1.2 times the FY 2023-24 rates
44 beginning in FY 2025-26; 1.4 times the FY 2023-24 rates beginning in FY 2027-28; 1.6 times
45 the FY 2023-24 rates in FY 2029-30; 1.8 times the FY 2023-24 rates beginning in FY 2031-32;
46 and 2.0 times the FY 2023-24 rates in FY 2033-34."
47

48 PART IX-G. MENTAL HEALTH/DEVELOPMENTAL DISABILITIES/SUBSTANCE

49 ABUSE SERVICES [RESERVED]

50 PART IX-H. DIVISION OF PUBLIC HEALTH

51

**LOCAL HEALTH DEPARTMENTS/COMPETITIVE GRANT PROCESS TO
IMPROVE MATERNAL AND CHILD HEALTH**

SECTION 9H.1 SECTION 9H.1.(b) of S.L. 2023-134 reads as rewritten:

"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 nonState 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~~ three years."

LOCAL MEDICAL EXAMINER INVESTIGATIONS FEE INCREASE

SECTION 9H.2. G.S. 130A-387. reads as rewritten:

"§ 130A-387. Fees.

For each investigation and prompt filing of the required report, the medical examiner shall receive a fee paid by the State. However, if the deceased is a resident of the county in which the death or fatal injury occurred, that county shall pay the fee. The fee shall be ~~two hundred dollars (\$200.00)~~ four hundred dollars (\$400.00). (1983, c. 891, s. 2; 1991, c. 463, s. 1; 2005-368, s. 1; 2015-241, s. 12E.6(a).)"

PART IX-I. SERVICES FOR THE BLIND/DEAF/HARD OF HEARING [RESERVED]

PART IX-J. SOCIAL SERVICES [RESERVED]

**PART IX-K. DIVISION OF EMPLOYMENT AND INDEPDENCE FOR PEOPLE WITH
DISABILITIES [RESERVED]**

PART IX-L. DHHS BLOCK GRANTS

DHHS BLOCK GRANTS

SECTION 9L.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 2023-24	FY 2024-25
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Local Program Expenditures

Division of Social Services

General Assembly Of North Carolina**Session 2023**

1	01. Work First Family Assistance	\$31,328,255	\$31,259,794
2			<u>\$37,762,726</u>
3			
4	02. Work First County Block Grants	80,093,566	80,093,566
5			
6	03. Work First Electing Counties	2,378,213	2,378,213
7			
8	04. Adoption Services – Special Children		
9	Adoption Fund	4,001,676	4,001,676
10			
11	05. Child Protective Services – Child Welfare		
12	Workers for Local DSS	11,387,190	11,387,190
13			
14	06. Child Welfare Program Improvement Plan	775,176	775,176
15			
16	07. Child Welfare Collaborative	400,000	400,000
17			
18	08. Child Welfare Initiatives	1,400,000	1,400,000
19			
20	Division of Child Development and Early Education		
21			
22	09. Subsidized Child Care Program	45,813,694	45,813,694
23			
24	10. Swap-Child Care Subsidy-	12,600,000	12,600,000
25			
26	11. NC PreK Services-	68,300,000	68,300,000
27			
28	Division of Public Health		
29			
30	12. Teen Pregnancy Prevention Initiatives	3,538,541	3,538,541
31			
32	DHHS Administration		
33			
34	13. Division of Social Services	2,478,284	2,478,284
35			
36	14. Division of Child and Family Well-Being	3,976	3,976
37	15. Office of the Secretary	34,042	34,042
38			
39	16. Eligibility Systems – Operations and		
40	Maintenance	431,733	431,733
41			
42	17. NC FAST Implementation	428,239	428,239
43			
44	18. Division of Social Services – Workforce		
45	Innovation & Opportunity Act (WIOA)	93,216	93,216
46			
47	19. Division of Social Services TANF Modernization	1,667,571	1,667,571
48			

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	<u>\$312,353,987</u> <u>\$318,856,919</u>
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)	3,097,783	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 InHome Services Fund-	1,943,950	1,943,950
06. Adult Protective Services	2,138,404	<u>2,138,404</u> <u>5,203,978</u>
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
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
14A. Big Brothers Big Sisters of the Triangle, Inc.	350,000	350,000

Division of Mental Health, Developmental Disabilities, and Substance Use Services

15. Mental Health Services – Adult and Child/Developmental Disabilities Program/ Substance Use Services – Adult	4,149,595	4,149,595
15A. Autism Society of North Carolina, Inc.	2,541,392	2,541,392
15B. The Arc of North Carolina, Inc.	271,074	271,074
15C. Easterseals UCP North Carolina & Virginia, Inc.	1,612,059	1,612,059

DHHS Program Expenditures

Division of Services for the Blind

16. Independent Living Program & Program
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Oversight	3,880,429	3,880,429
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Division of Health Service Regulation

17. Adult Care Licensure Program	557,598	557,598
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18. Mental Health Licensure and Certification Program	266,158	266,158
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Division of Aging and Adult Services

19. Guardianship	3,825,443	3,825,443
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DHHS Administration

20. Division of Aging and Adult Services	743,284	743,284
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21. Division of Social Services	1,042,894	1,042,894
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22. Office of the Secretary/Controller's Office	639,167	639,167
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23. Legislative Increases/Fringe Benefits	293,655	587,310
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24. Division of Child Development and Early Education	13,878	13,878
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25. Division of Mental Health, Developmental Disabilities, and Substance Use Services	28,325	28,325
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26. Division of Health Service Regulation	258,960	258,960
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TOTAL SOCIAL SERVICES BLOCK GRANT	\$75,992,579	<u>\$76,286,234</u> <u>\$79,351,808</u>
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LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT

Local Program Expenditures

Division of Social Services

01. Low-Income Energy Assistance Program (LIEAP)	\$67,836,069	<u>\$67,836,069</u> <u>\$50,316,347</u>
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02. Crisis Intervention Program (CIP)	45,214,330	<u>45,214,330</u> <u>38,699,719</u>
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Local Administration

Division of Social Services

1	03. County DSS Administration	8,789,246	8,789,246
2			<u>6,989,469</u>
3			
4	DHHS Administration		
5			
6	Division of Social Services		
7			
8	04. Administration	10,000	10,000
9			<u>6,500</u>
10			
11	05. Energy Portal (FIS Transaction Fees)	25,000	25,000
12			
13	Division of Central Management and Support		
14			
15	06. Office of the Secretary/Division of Information Resource		
16	Management (DIRM) (Accountable Results for		
17	Community Action (AR4CA) Replacement System)	166,750	166,750
18			
19	07. Office of the Secretary/DIRM	278,954	278,954
20			
21	08. Office of the Secretary/Controller's Office	18,378	18,378
22			
23	09. NC FAST Development	627,869	627,869
24			
25	10. NC FAST Operations and Maintenance	1,330,323	1,330,323
26			<u>1,830,000</u>
27			
28	Transfers to Other State Agencies		
29			
30	Department of Environmental Quality		
31			
32	11. Weatherization Program	13,220,309	13,220,309
33			<u>5,527,117</u>
34			
35	12. Heating Air Repair and Replacement		
36	Program (HARRP)	8,075,029	8,075,029
37			<u>3,375,990</u>
38			
39	13. Local Residential Energy Efficiency Service		
40	Providers – Weatherization	787,097	787,097
41			<u>329,068</u>
42			
43	14. Local Residential Energy Efficiency Service		
44	Providers – HARRP	437,276	437,276
45			<u>182,815</u>
46			
47	15. DEQ – Weatherization Administration	859,976	859,976
48			<u>359,537</u>
49			
50	16. DEQ – HARRP Administration	539,307	539,307
51			<u>225,472</u>

Department of Administration

17. N.C. Commission on Indian Affairs	87,736	87,736
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**TOTAL LOW-INCOME ENERGY
ASSISTANCE BLOCK GRANT**

\$148,303,649	<u>\$148,303,649</u>
	<u>\$109,046,721</u>

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
		<u>\$298,502,541</u>

02. Smart Start Subsidy	7,392,654	7,392,654
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03. Transfer from TANF Block Grant for Child Care Subsidies	21,773,001	21,773,001
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04. Quality and Availability Initiatives (TEACH Program \$3,800,000)	61,980,526	61,980,526
		<u>71,544,047</u>

DHHS Administration**Division of Child Development and Early Education**

05. DCDEE Administrative Expenses	9,710,886	9,710,886
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06. Indirect Cost	7,346	7,346
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Division of Social Services

07. Direct Deposit for Child Care Payments	5,000	5,000
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08. Local Subsidized Child Care Services Support	18,780,355	18,780,355
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Division of Central Management and Support

09. NC FAST Operations and Maintenance	1,450,316	1,450,316
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10. DHHS Central Administration – DIRM Technical Services	979,762	979,762
		<u>1,006,100</u>

11. DHHS Central Administration	68,000	68,000
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Division of Child and Family Well-Being

12. Child Care Health Consultation Contracts	62,205	62,205
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TOTAL CHILD CARE AND DEVELOPMENT

FUND BLOCK GRANT	\$411,280,123	<u>\$411,280,123</u>
		<u>\$430,302,451</u>

COMMUNITY MENTAL HEALTH SERVICES BLOCK GRANT

Local Program Expenditures

01. Mental Health Services – Child	\$2,477,666	\$2,477,666
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02. Mental Health Services – Adult/Child	19,690,452	<u>19,690,452</u>
		<u>21,545,678</u>

03. Mental Health Services – First Psychotic Symptom Treatment	5,416,756	5,416,756
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04. Child Behavioral Health (Division of Child and Family Well-Being)	5,246,350	5,246,350
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DHHS Administration

Division of Child and Family Well-Being

05. Administration	140,000	140,000
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Division of Mental Health, Developmental Disabilities, and Substance Use Services

06. Crisis Services	2,877,047	2,877,047
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07. Administration	332,351	332,351
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08. Adult/Child Mental Health Services	350,150	350,150
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Division of Public Health

09. NC Detect – Behavioral Health ER	35,000	35,000
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TOTAL COMMUNITY MENTAL HEALTH SERVICES

BLOCK GRANT	\$36,565,772	<u>\$36,565,772</u>
		<u>\$38,420,226</u>

**SUBSTANCE USE PREVENTION, TREATMENT, AND RECOVERY SERVICES
BLOCK GRANT**

Local Program Expenditures

Division of Mental Health, Developmental Disabilities, and Substance Use Services

01. Substance Abuse – IV Drug	\$2,000,000	\$2,000,000
		<u>\$2,315,700</u>
02. Substance Abuse Prevention	20,245,927	20,245,927
		<u>20,746,854</u>
03. Substance Use Services – Treatment for Children/Adults (Healing Transitions, Inc. \$200,000; Triangle Residential Options for Substance Abusers, Inc., (TROSAs) \$3,225,000; First Step Farm of WNC, Inc. \$100,000; Addiction Recovery Care Association, Inc., (ARCA) \$2,000,000)	45,176,849	45,176,848
		<u>46,738,974</u>

DHHS Program Expenditures**Division of Mental Health, Developmental Disabilities, and Substance Use 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 Use Services**

07. Administration	2,297,852	2,297,852
		<u>,275,252</u>
08. Controlled Substance Reporting System	675,000	675,000

**TOTAL SUBSTANCE USE PREVENTION, TREATMENT, AND RECOVERY
SERVICES BLOCK GRANT**

\$72,190,833 **~~\$72,190,832~~**
\$75,546,985

MATERNAL AND CHILD HEALTH BLOCK GRANT**Local Program Expenditures****Division of Child and Family Well-Being**

01. Children's Health Services (Prevent Blindness \$575,000; Nurse-Family Partnership \$1,102,308)	\$11,321,889	\$11,321,889
		<u>11,438,221</u>

Division of Public Health

02. Women's and Children's Health Services

(March of Dimes \$350,000; Sickle Cell
Centers \$100,000; Teen Pregnancy Prevention
Initiatives \$650,000; Perinatal & Neonatal Outreach
Coordinator Contracts \$440,000; Mountain Area
Pregnancy Services \$50,000)

3,609,392

~~3,609,392~~4,538,805

03. Oral Health

51,119

~~51,119~~53,009

04. Evidence-Based Programs in Counties

With the Highest Infant Mortality Rates

1,727,307

1,727,307

DHHS Program Expenditures

05. Children's Health Services

1,344,492

~~1,344,492~~1,304,025

06. Women's Health – Maternal Health

252,695

~~252,695~~383,162

07. Women's and Children's Health – Perinatal

Strategic Plan Support Position

80,669

~~80,669~~83,413

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~~****\$20,326,367****PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT****Local Program Expenditures**

01. Physical Activity and Prevention

\$3,081,442

~~\$3,081,442~~\$3,398,934

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
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**TOTAL PREVENTIVE HEALTH AND HEALTH
SERVICES BLOCK GRANT**

\$4,257,622	<u>\$4,257,622</u>	<u>\$4,575,114</u>
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COMMUNITY SERVICES BLOCK GRANT

01. Community Action Agencies	\$22,862,029	<u>\$20,244,923</u> <u>\$23,744,923</u>
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**

\$25,017,134	<u>\$22,494,359</u>	<u>\$25,994,359</u>
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SOCIAL SERVICES BLOCK GRANT

SECTION 9L.1.(b) Section 9M.1(s) of S.L. 2023-134 reads as rewritten:

"SECTION 9M.1.(s) Of the two million one hundred thirty eight thousand four hundred four dollars (\$2,138,404) appropriated in this act in the Social Services Block Grant to the Division of Aging and Adult Services for Adult Protective Services for each year of the 2023-2025

~~fiscal biennium 2023-2024 fiscal year~~, the sum of eight hundred ninety three thousand forty-one dollars (\$893,041) for ~~each year of the 20232025 fiscal biennium~~ the 2023-2024 fiscal year shall be used to increase the number of Adult Protective Services workers where these funds can be the most effective. Of the five million two hundred three thousand nine hundred seventy-eight dollars (\$5,203,978) appropriated in this act for Adult Protective Services for state fiscal year 2024-2025, the sum of eight hundred ninety-three thousand forty-one dollars (\$893,041) 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 9L.1.(c) Section 9M.1(u) of S.L. 2023-134 reads as rewritten:

"SECTION 9M.1.(u) The sum of sixty seven million eight hundred thirty six thousand sixty nine dollars (\$67,836,069) for ~~each year of the 20232025 fiscal biennium~~ the 2023-2024 fiscal year and fifty three million four hundred twenty six thousand one hundred seventy-seven dollars (\$53,426,177) for the 2024-2025 fiscal year 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 9L.1.(d) Section 9M.1(x) of S.L. 2023-134 reads as rewritten:

"SECTION 9M.1.(x) 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 ~~each year of the 20232025 fiscal biennium~~ 2023-2024 fiscal year and seventy one million five hundred forty-four thousand and forty-seven dollars (\$71,544,047) for 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) for each year of the 2023-2025 fiscal biennium shall be used to establish 18 new positions."

SUBSTANCE USE PREVENTION, TREATMENT, AND RECOVERY SERVICES BLOCK GRANT

SECTION 9L.1.(e) Section 9M.1(aa) of S.L. 2023-134 reads as rewritten:

"SECTION 9M.1.(aa) Of the two million two hundred ninety seven thousand eight hundred fifty two dollars (\$2,297,852) provided in this section in the Substance Use Prevention, Treatment, and Recovery Services Block Grant for ~~each year of the 20232025 fiscal biennium~~ the 2023-2024 fiscal year and three million two hundred seventy five thousand two hundred and fifty two dollars (\$3,275,252) for the 2024-2025 fiscal year to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services, for administration, the sum of nine hundred fifty nine thousand four hundred dollars (\$959,400) shall be used to support nine new positions."

MATERNAL AND CHILD HEALTH BLOCK GRANT

SECTION 9L.1.(f) Section 9M.1.(ee) of S.L. 2023-134 reads as rewritten:

"SECTION 9L.1.(ee) The sum of eighty thousand six hundred sixty nine dollars (\$80,669) for the 2023-2024 fiscal year and eighty three thousand four hundred and thirteen dollars (\$83,413) for the 2024-2025 fiscal year 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 20232025 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 fulltime to manage the North Carolina Perinatal Health Strategic Plan and provide staff support for the stakeholder work group."

NATURAL AND ECONOMIC RESOURCES

PART X. AGRICULTURE AND CONSUMER SERVICES

LIVESTOCK FARMER SUPPORT IN FRENCH BROAD RIVER BASIN

SECTION 10.1. Section 10.7(a) of S.L. 2023-134 reads as rewritten:

"SECTION 10.7.(a) Funds appropriated in this act for the Agriculture Cost Share Program for Nonpoint Source Pollution Control from the State Capital and Infrastructure Fund shall be used to provide cost share assistance to farmers engaged in farming in the watershed of the Upper French Broad River in Transylvania, Henderson, Buncombe, Haywood, and Madison Counties for the installation of fences, alternative livestock watering systems, pasture management, and other measures deemed appropriate by the local Soil and Water Conservation District to keep livestock out of existing streams and watercourses that constitute or drain into the Upper French Broad River."

TOBACCO TRUST FUND ADMINISTRATIVE CAP INCREASE

SECTION 10.2. G.S. 143-717(i) reads as rewritten:

"(i) Limit on Operating and Administrative Expenses. – All administrative expenses of the Commission shall be paid from the Fund. No more than ~~three hundred seventy five thousand dollars (\$375,000)~~ four hundred thousand dollars (\$400,000) may be used each fiscal year for administrative and operating expenses of the Commission and its staff, ~~provided that the Commission may annually adjust the administrative expense cap imposed by this subsection, so long as that any cap increase does not exceed the amount necessary to provide for statewide salary and benefit adjustments enacted by the General Assembly.~~ The amount allowed to the Department for costs under this section shall be increased (i) each fiscal year by a percentage equal to any legislative salary increase awarded to State-funded employees and (ii) by any adjustment in salary reserve funds that impact employees within the Tobacco Trust Fund."

PART XI. COMMERCE

NORTH CAROLINA DEFENSE INNOVATION NETWORK

SECTION 11.1.(a) Overview – The North Carolina Defense Innovation Network (Network) is established as a special revenue fund (Fund) in the Department of Commerce (Department). The Board of Science, Technology & Innovation (Board) within the Department, in consultation with the North Carolina Military Business Center (NCMBC) Defense Technology Transition Office (DEFTECH), shall be responsible for directing Network efforts. The Network shall be composed of private, public, and nonprofit stakeholders in the state's defense innovation ecosystem.

SECTION 11.1.(b) Purposes – The Network shall lead and support efforts to significantly grow the defense innovation economy in North Carolina and increase national security by providing enhanced state leadership, targeted strategic priorities, coordinated tactical operations, and sustained funding. The Network shall identify opportunities to advance defense innovation in North Carolina; conduct activities to grow the defense innovation economy in North Carolina; and advise and make recommendations to the Governor, the General Assembly, the Secretary of Commerce, the Board, and any North Carolina nonprofit corporation with which the Department of Commerce contracts pursuant to G.S. 143B-431.01 on the defense innovation economy in North Carolina.

SECTION 11.1.(c) Definitions – The following definitions apply in this section:

- (1) Defense Innovation Economy: Activities related to the development, production, consumption, and trade of goods and services of use to the U.S. defense sector.
- (2) Eligible Grantees: For-profit organizations, non-profit organizations, state agencies, public and private universities, and community colleges.
- (3) Innovation Ecosystem: A regionally based network of private sector, academic, and government institutions in a network of formal and informal institutional relationships that contribute to technological and economic development in a defined technology sector or sectors.

SECTION 11.1.(d) Programmatic Responsibilities – The Network shall oversee activities to grow the defense innovation economy in North Carolina through Network units, including but not limited to the following:

- (1) North Carolina Defense Strategic Review Council: A strategic partnership to develop and oversee a coordinated, ongoing set of research, planning, outreach, and relationship-building activities at the operational level to marshal North Carolina academic, industry, and military assets for opportunities best suited to North Carolina academic and industry strengths.
- (2) North Carolina Defense Innovation Accelerator: A virtual, tactical, interorganizational Defense Innovation Accelerator to perform capacity and demand analysis, opportunity distribution, education/training/mentoring, technical assistance, events, documentation, partner funding, collaboration, and other activities supporting defense innovation work.
- (3) North Carolina Defense Technology Advocacy Campaign: An ongoing, multilevel campaign to market North Carolina as a leader in defense and national security innovation, building directly on the strategic work of the Strategic Review Council and the tactical work of the Defense Innovation Accelerator.

SECTION 11.1.(e) Use of Funds – Funding appropriated to the Network shall be overseen by the Board and the Department. Funding shall be distributed from the Department, as determined by the Board and DEFTECH, and based on strategic and tactical programmatic needs, to:

- (1) Strengthen networks among entrepreneurs, entrepreneurship or innovation support organizations, the defense industry, and the U.S. Department of Defense.

- (2) Attract more capital investment into the North Carolina defense innovation ecosystem.
- (3) Start and grow the number of locally owned businesses in the defense innovation economy.
- (4) Increase employment opportunities in the defense innovation economy.
- (5) Foster more defense-innovation enterprises led and owned by rural entrepreneurs and minority entrepreneurs.
- (6) Provide funds, specifically through the One North Carolina Small Business Program, for defense-innovation-focused companies applying for or receiving Small Business Innovation Research (SBIR) and/or Small Business Technology Transfer (STTR) awards from the U.S. Department of Defense.
- (7) Provide funds through other programs developed by the Board and NCMBC/DEFTECH.
- (8) Increase media visibility for these efforts locally, statewide and, ultimately, nationally.

SECTION 11.1.(f) Agreements Required – Funds may be disbursed from the Fund only in accordance with agreements entered into between the Department and an eligible grantee.

SECTION 11.1.(g) Program Guidelines – The Board shall develop guidelines related to the administration of the Network. 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 the Department's Web site and provide notice to persons who have requested notice of proposed guidelines. In addition, the Department 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 the Department has completed these notifications. Guidelines adopted under this section shall not be subject to the requirements of Article 2A of Chapter 150B of the North Carolina General Statutes.

NORTH CAROLINA MAJOR EVENTS, GAMES, AND ATTRACTIONS FUND

SECTION 11.2.(a) G.S. 143B-437.111 reads as rewritten:

"§ 143B-437.111. Definitions.

...

- (7) Events facility. – A hosting venue with an in-person spectator capacity of 10,000 or more."

SECTION 11.2.(b) G.S. 143B-437.112 reads as rewritten:

"§ 143B-437.112. North Carolina Major Events, Games, and Attractions Fund.

...

- (4) The site selection organization has selected a site within this State as either the sole location for the eventer the sole site for the event in a region composed of this state and all adjoining states.

...

(a1) The Department may use up to four hundred thousand dollars (\$400,000) in each fiscal year to administer the Major Events, Games, and Attraction Fund. The amount allowed to the Department for costs under this section shall be increased (i) each fiscal year by a percentage equal to any legislative salary increase awarded to State-funded employees and (ii) by any adjustment in salary reserve funds that impact employees within the Major Events, Games, and Attractions Fund.

(b) Effective July 1 of each calendar year, the funds remitted to the Fund by the Secretary of Revenue from the tax on sports wagering pursuant to G.S. 105-113.128 are appropriated for this purpose. In addition to the amounts remitted to the Fund pursuant to G.S. 105-113.128, the General Assembly shall determine any additional amount appropriated to the Fund. Agreements entered under this section are subject to appropriations. (2023-42, s. 2.)"

EMPLOYEE AND FAMILY FRIENDLY BENEFITS STUDY

SECTION 11.3. No later than December 1, 2024, the Department of Commerce shall study and report to the Joint Legislative Economic Development and Global Engagement Committee, the chairs of the House and Senate Agriculture, Natural, and Economic Resources Appropriations Committees, and the Fiscal Research Division on benefits currently provided by employers in North Carolina and the viability of requiring economic development incentive grant recipients to provide certain employee and family-friendly benefits, including, but not limited to: child care, parental leave, access to a dependent care flexible spending account, and paid leave, in addition to health insurance. At a minimum, the report shall include the following information:

- (1) An inventory of employee and family-friendly benefits and their expected cost, or range of cost, per employee annually.
- (2) A summary of benefits typically provided by North Carolina employers.
- (3) A summary of benefits typically provided by economic development incentive grant recipients.
- (4) The expected cost per employee of providing employee and family-friendly benefits on applicants to economic development incentive grants.
- (5) The expected impact of requiring employee and family-friendly benefits on applications for economic development incentive grants.
- (6) The viability of adding an enhancement to economic development incentive grants for applicants who provide certain employee and family-friendly benefits.

EMPLOYER CHILD CARE MATCH GRANT PROGRAM

SECTION 11.4.(a) Of the funds appropriated in this act to the Department of Commerce, the sum of twenty-four million one hundred and fifty thousand dollars (\$24,150,000) in recurring funds for the 2024-2025 fiscal year shall be used to establish an employer child care match grant pilot program.

SECTION 11.4.(b) The Department shall partner with the business community to increase child care access by matching business contributions to eligible employees' Dependent Care Flexible Spending Accounts (DCFSA). The program will contribute a state match of up to \$2,500 to each eligible participant's DCFSA.

SECTION 11.4.(c) The Department shall establish and determine program eligibility. At a minimum, eligibility requirements shall include the following:

- (1) An employer must have five (5) or more employees participating in a DCFSA to be eligible to participate in the matching program.
- (2) An employer must contribute at least five hundred dollars (\$500) per participating employee.
- (3) An employee of a participating employer is eligible for the state match if the employee:
 - a. Has a household income between one hundred eighty-five percent (185%) and three hundred percent (300%) of the federal poverty level, and
 - b. Is not otherwise eligible for subsidized child care in this State.

The Department shall develop and implement other criteria for the employer child care match program, including, but not limited to, each of the following:

- (1) Verifying employer contributions before contributing state funds.
- (2) Matching employer contributions depending on the employee's income based on a percentage of the federal poverty level as follows:

INCOME PERCENTAGE LEVEL	STATE MATCH PERCENTAGE
185-200%	100%
200%-225%	85%

225%-250% 65%

250%-300% 50%

(3) Ensure all participating employees are residents of North Carolina.

(4) Soliciting participating employers.

(5) Ensuring participating employers agree to (i) identify and recruit eligible employees, (ii) contribute the employer portion into the DCFSA for each participating employee, and (iii) maintain communication.

SECTION 11.4.(d) Of the funds appropriated for this program, the Department may use up to one million dollars (\$1,000,000) to administer the program. Of these funds, two hundred thousand dollars (\$200,000) shall be set aside for the Department to promote the Employer Child Care Match Pilot Program and provide general support of business and child care strategies for the Grants for Child Care Facilities and Pre-K Classrooms funded in this bill. In addition, the department shall reserve and transfer to a special fund \$100,000 per year for the first three years of the program to fund a rigorous evaluation of program implementation and impacts in FY 2027-28. The Department shall use a portion of these evaluation funds to develop and publicly register a pre-evaluation plan by September 1, 2025.

SECTION 11.4.(e) Beginning February 1, 2025, and annually thereafter, the Department shall submit an annual report to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Agriculture, Natural, and Economic Resource and the Fiscal Research Division. The report shall include, at a minimum, each of the following:

(1) The numbers employers participating in the program, by county, industry, and employer size.

(2) The number of employees participating in the program, by county, industry, and employer size.

(3) Total program costs, including any administrative costs.

(4) The size of the waitlist for the program and amount of funds needed to continue the program in the next fiscal year.

(5) Any other relevant information deemed appropriate.

NCINNOVATION

SECTION 11.5. G.S. 143B-728 reads as rewritten:

"§ 143-728. NCInnovation.

...

(c) Endowment. – NCInnovation is approved to receive funds from the State for the purposes and on the terms and conditions set forth in this Article.

(c1) Failure to comply with agreement — If NCInnovation fails to meet or comply with any condition or requirement of this Section then the Department of Commerce may reduce or terminate funding for NCInnovation. Upon approval to suspend funding, the Department shall immediately notify NCInnovation of the reduction to its funding, as well as the Office of State Budget and Management, the North Carolina Board of Science, Technology & Innovation, the Joint Legislative Commission on Economic Development.

(d) Requirements. – In order to receive the endowment and retain State funds, all of the following requirements must be met:

(1) NCInnovation shall adhere to the following governance provisions related to its governing board:

a. The board shall be composed of ~~13-16~~ voting members as follows: ~~four members appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives, four members appointed by the General Assembly upon recommendation of the~~

~~President Pro Tempore of the Senate, and the remaining members elected as provided in the bylaws of NCInnovation.~~

- ~~1. The Secretary of Commerce, or their designee.~~
- ~~2. The President of the University of North Carolina System, or their designee.~~
- ~~3. The Chair of the North Carolina Board of Science, Technology & Innovation, or their designee.~~
- ~~4. Four Chancellors from public applied research institutions, or their designee, at least one of whom must represent a historically minority serving institution.~~
- ~~5. Five members appointed by the Governor, at least two of whom shall have experience in research, development, and product commercialization.~~
- ~~6. Two members appointed by the Speaker of the House of Representatives at least one of whom shall have experience in research, development, and product commercialization.~~
- ~~7. Two members appointed by the President Pro Temp of the Senate at least one of whom shall have experience in research, development, and product commercialization.~~

Members of the General Assembly shall not be appointed to serve on the board of directors while serving in the General Assembly. No board member may be a registered lobbyist as defined by G.S. 120C-100(a)(19). The directors shall hold staggered four-year terms and shall elect their own chair from among their number. Appointing and electing authorities shall ensure that appointed and elected members have expertise and experience in one or more of the following areas: research, development, product commercialization, entrepreneurial business development, and capital formation.

- b. NCInnovation shall comply with the limitations on lobbying set forth in section 501(c)(3) of the Internal Revenue Code.
- c. ~~No State employee or elected official~~ or registered lobbyists may serve on the board.

- (2) NCInnovation shall amend its articles of incorporation to enable NCInnovation to carry out the purposes and requirements of this Article. The articles of incorporation, as amended, shall provide for the following:

...

7. A detailed explanation of how annual salaries are determined, including base pay schedules and any additional salary amounts or bonuses that may be earned as a result of job performance. The explanation shall include the means used by NCInnovation to foster employee efforts in rural and low-income areas in the State.

NCInnovation shall also provide to the Department of Commerce, Joint Legislative Commission on Governmental Operations, the Joint Legislative Economic Development and Global Engagement Oversight Committee, and the Fiscal Research Division (i) 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 (ii) a copy of its annual federal income tax return for the previous fiscal year within 30 days of filing. The Department of Commerce shall not disburse funds to NCInnovation without having

received the most recent audited financial statements. In addition, the State Auditor may perform audits of NCInnovation pursuant to Article 5A of Chapter 147 of the General Statutes to ensure that funds are being managed in accordance with the provisions of this Article.

...

(3a) Contract. – The Department of Commerce shall enter into a contract with NCInnovation that outlines the requirements of this Article and shall make this contract publicly available.

...

(5) NCInnovation may draw from, distribute, and otherwise expend investment income, including, without limitation, to make funding awards and establish or support a network of regional innovation hubs, in accordance with this Article, and such activities are subject to the reporting requirements of this Article. NCInnovation shall develop criteria for and notify the Joint Legislative Commission on Governmental Operations and the Department of Commerce regarding each program NCInnovation will use to advance the purposes of this Article prior to using investment income for the program. NCInnovation shall provide a copy of materials describing each program to the Fiscal Research Division and the Department of Commerce within 15 days of finalizing the program.

...

(9) NCInnovation shall maintain separate accounting records for and separate accounts for State funds and excluded amounts and shall not commingle State funds and excluded amounts. NCInnovation shall maintain records and accounts according to generally accepted accounting principles. Board members shall have full access to all accounting records and financial documents.

...

(g) Applicable Laws. – NCInnovation is subject to the requirements of (i) Chapter 132 of the General Statutes and (ii) Article 33C of Chapter 143 of the General Statutes. ~~Notwithstanding the provisions of this subsection, public records relating to programs, recipients, and projects funded by NCInnovation may be withheld so long as their inspection, examination, or copying would, as determined in the sole discretion of NCInnovation, frustrate the purpose for which such public records were created or would result in the harmful dissemination of confidential intellectual property of a recipient; however, the provisions of this subsection allowing public records to be withheld no longer apply as soon as that frustration or harmful dissemination ceases, and NCInnovation shall disclose as soon as practicable, and within 25 business days, public records from that time.~~

..."

STRATEGIC WORKFORCE TRUST AND SMALL BUSINESS TAX CUT

SECTION 11.6.(a) Article 2 of Chapter 96 of the General Statutes is amended by adding a new section to read:

"§96-6.3. Strategic Workforce Trust.

(a) Strategic Workforce Trust. – There is established in the Department of Commerce a Strategic Workforce Trust for the purposes of providing job training, employment-related services, and economic development services to North Carolina job seekers and employers in order to increase or improve labor supply, connect employers with employees, and enhance the employer experience with the Division. The Trust consists of the revenues derived from the Strategic Workforce Trust Assessment imposed under G.S. 96-9.9."

SECTION 11.6.(b) G.S. 96-9.2 is amended by adding a new subsection to read:

"(f) Strategic Workforce Contribution Rate Reduction and Small Business Tax Cut. – Except when the surtax imposed under G.S. 96-9.7 is in effect, each employer's contribution rate under this section shall be reduced by a percentage equal to the percentage for the Strategic Workforce Trust Assessment calculated pursuant to G.S. 96-9.9 plus an applicable percentage computed based on the number of employees for which the employer makes contributions as of the most recently filed "Employer's Quarterly Tax and Wage Report" as of the computation date. The applicable percentage is computed as follows:

<u>Number of Employees</u>	<u>Applicable Percentage</u>
<u>1 to 50</u>	<u>15%</u>
<u>51-250</u>	<u>10%</u>
<u>251-500</u>	<u>5%</u>
<u>501 or more</u>	<u>0%</u>

This reduced contribution rate should then be rounded to the nearest one-hundredth percent (0.01%). This reduction shall be applied after application of the maximum and minimum contribution rates. The Division may suspend the Strategic Workforce Contribution Rate Reduction for any employer with contributions more than 90 days past due."

SECTION 11.6.(c) Article 2 of Chapter 96 of the General Statutes is amended by adding a new section to read:

"§96-9.9. Assessment for the Strategic Workforce Trust.

(a) Assessment Imposed. – An assessment is imposed on an employer who is required to make a contribution to the Unemployment Insurance equal to a percentage of the required contribution calculated in accordance with G.S. 96-9.2. prior to the application of the reduction in G.S. 96-9.2(f). The Division shall calculate the assessment percentage, rounded up to the nearest half percent (0.5%), as the ratio of the Strategic Workforce Trust Annual Target Amount divided by the total required contributions estimated using the most recently available Experience Rating Report (ETA 204) prepared for the Employment and Training Administration within the U.S. Department of Labor. The Annual Target Amount shall be one hundred million dollars (\$100,000,000) for taxable years beginning on or after January 1, 2025, and before January 1, 2026, and shall increase by three and one-half percent (3.5%) in each subsequent taxable year, rounded to the nearest one hundred thousand dollars (\$100,000). Except as provided in this section, the assessment is collected and administered in the same manner as contributions as described in Article 2A of this Chapter. Assessments collected under this section must be credited to the Strategic Workforce Trust established under G.S. 96-6.3. Interest and penalties collected on unpaid assessments imposed by this section must be credited to the Supplemental Employment Security Administration. Penalties collected on unpaid assessments imposed by this section must be transferred to the Civil Penalty and Forfeiture established in G.S. 115C-457.1.

(b) Suspension of Assessment. – The assessment does not apply in a taxable year if, as of September 1 of the preceding calendar year, the amount in the State's account in the Unemployment Trust is less than one billion dollars (\$1,000,000,000)."

ENHANCE UNEMPLOYMENT INSURANCE BENEFITS

SECTION 11.7.(a) G.S. 96-1 reads as rewritten:

"§ 96-1. Title and Definitions.

(a) Title. – This Chapter shall be known and may be cited as the "Employment Security Law."

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

...

(23a) State Recession Indicator. – A state-level indicator based on a historically reliable recession indicator that signals an ongoing or imminent U.S. recession when the three-month moving average of the national unemployment rate rises by 0.5 percentage points or more relative to its low during the previous

12 months. The State Recession Indicator signals a recession in North Carolina when the average of the three most recently published monthly seasonally adjusted unemployment rates for the state, as published by the Bureau of Labor Statistics, is more than 0.5 percentage points higher than the lowest level of the prior 12 months and is higher than four and one-half percent (4.5%).

...."

SECTION 11.7.(b) G.S. 96-14.1 reads as rewritten:

"§ 96-14.1. Unemployment benefits.

...

(b) Valid Claim. – To obtain benefits, an individual must file a valid claim for unemployment benefits, register for work, and have a weekly benefit amount calculated pursuant to G.S. 96-14.2(a) that equals or exceeds ~~fifteen dollars (\$15.00)~~ fifty dollars (\$50.00). An individual must serve a one-week waiting period for each claim filed, except no waiting period applies under this subsection to a claim for unemployment due directly to a disaster covered by a federal disaster declaration. A valid claim is one that meets the employment and wage standards in this subsection for the individual's base period. A valid claim for a second benefit year is one that meets the employment and wage standards in this subsection since the beginning date of the prior benefit year and before the date the new benefit claim is filed:

- (1) Employment. – The individual has been paid wages in at least two quarters of the individual's base period.
- (2) Wages. – The individual has been paid wages totaling at least six times the average weekly insured wage during the individual's base period. If an individual lacks sufficient base period wages, then the wage standard for that individual is determined using the last four completed calendar quarters immediately preceding the first day of the individual's benefit year. This alternative base period may not be used by an individual in making a claim for benefits in the next benefit year.

...."

SECTION 11.7.(c) G.S. 96-14.2 reads as rewritten:

"§ 96-14.2. Weekly benefit amount.

(a) Weekly Benefit Amount. – The weekly benefit amount for an individual who is totally unemployed is an amount equal to the wages paid to the individual in the ~~last two completed quarters of the quarter with the highest total wages paid in an~~ individual's base period divided by ~~\$226~~ and rounded to the next lower whole dollar. If this amount is less than ~~fifteen dollars (\$15.00)~~ fifty dollars (\$50.00), the individual is not eligible for benefits. All eligible individuals will receive a weekly benefit amount of at least one hundred dollars (\$100.00). The weekly benefit amount may not exceed ~~three hundred fifty dollars (\$350.00)~~ four hundred fifty dollars (\$450.00), adjusted annually for inflation. Beginning July 1, 2025, and on each July 1 thereafter, the Division shall adjust the maximum weekly benefit for claims filed on or after that date by the percentage change in the annual average Consumer Price Index for All Items for All Urban Consumers published by the Bureau of Labor Statistics for the preceding calendar year, rounded to the nearest five dollars (\$5.00).

...."

SECTION 11.7.(d) G.S. 96-14.3 reads as rewritten:

"§ 96-14.3. Duration of benefits.

(a) Duration. – Except as provided in subsection (a1), ~~the~~ the number of weeks an individual is allowed to receive unemployment benefits depends on the seasonal adjusted statewide unemployment rate that applies to the six-month base period in which the claim is filed. One six-month base period begins on January 1 and one six-month base period begins on July 1. For the base period that begins January 1, the average of the seasonal adjusted unemployment

rates for the State for the preceding months of July, August, and September applies. For the base period that begins July 1, the average of the seasonal adjusted unemployment rates for the State for the preceding months of January, February, and March applies. The Division must use the most recent seasonal adjusted unemployment rate determined by the U.S. Department of Labor, Bureau of Labor Statistics, and not the rate as revised in the annual benchmark.

Seasonal Adjusted Unemployment Rate	Number of Weeks
Less than or equal to 5.5% <u>4.5%</u>	12
Greater than 5.5% <u>4.5%</u> up to 6% <u>5%</u>	13 <u>14</u>
Greater than 6% <u>5%</u> up to 6.5% <u>5.5%</u>	14 <u>16</u>
Greater than 6.5% <u>5.5%</u> up to 7% <u>6%</u>	15 <u>18</u>
Greater than 7% up to 7.5%	16
Greater than 7.5% up to 8%	17
Greater than 8% up to 8.5%	18
Greater than 8.5% up to 9%	19
Greater than 9% <u>6%</u>	20

(a1) State Recession Circuit Breaker. – Notwithstanding subsection (a) of this section, the number of weeks an individual is allowed to receive unemployment benefits shall be 20 weeks when the State Recession Indicator is signaling a North Carolina recession as defined by G.S. 96-1(b)(23a). The number of weeks specified in this subsection shall apply to all new claims for unemployment insurance filed on or after the first day of the month following a month the State Recession Indicator switches to being in effect, and the Division shall redetermine the number of weeks an individual is allowed to receive unemployment benefits for individuals who filed an initial claim in the month the State Recession Indicator switches to being in effect and the prior month. The Division shall not change the duration of benefits pursuant to subsection (a) until the beginning of the first base period occurring six months after the State Recession Indicator is no longer in effect.

(b) Total Benefits. – The total benefits paid to an individual equals the individual's weekly benefit amount allowed under G.S. 96-14.2 multiplied by the number of weeks allowed under subsection (a) or, if applicable, subsection (a1) of this section."

PART XII. ENVIRONMENTAL QUALITY

DAQ NON-TITLE V FEE

SECTION 12.1.(a) Article 7 Part 2 of Chapter 143 of the General Statutes reads as rewritten:

"§ ~~143B-279.18~~ 143B-279.19 **Quadrennial adjustment of certain fees and rates.**

(a) Adjustment for Legislatively Mandated Salaries and Benefits. – Beginning July 1, 2025, and every four years thereafter, the Department shall adjust the fees and rates imposed pursuant to the statutes listed in this subsection in accordance with the Consumer Price Index computed by the Bureau of Labor Statistics during the prior two bienniums. The adjustment for per transaction rates shall be rounded to the nearest dollar (\$1.00):

...

(21) G.S. 143-215.108 and G.S. 143-215.109

(22) G.S. 143-215.3(1b)"

SECTION 12.1.(b) G.S. 143-215.3 reads as rewritten:

"§ 143-215.3. **General powers of Commission and Department; auxiliary powers.**

...

(1b) ~~The fee to be charged pursuant to G.S. 143-215.3(a)(1a) for processing an application for a permit under G.S. 143-215.108 and G.S. 143-215.109 of Article 21B of this Chapter may not exceed five hundred dollars (\$500.00).~~

The Department shall charge permit fees pursuant to G.S. 143-215.3(a)(1a) to non-Title V facilities subject to permitting under G.S. 143-215.108 and G.S. 143-215.109 of Article 21B according to the following schedule:

- a. For facilities seeking federally enforceable limits to avoid Title V permitting, application fees of four hundred dollars (\$400.00), and annual fees of one thousand five hundred dollars (\$1,500.00).
- b. For facilities with a potential to emit below Title V thresholds, except for general permits, application fees of fifty (\$50.00), and annual fees of two hundred fifty dollars (\$250.00).
- c. The fee for an ownership change shall be fifty dollars (\$50).
- d. The Department may provide a discount of up to twenty-five percent on annual fees authorized subparagraphs (a) and (b) of this subsection.

The fee to be charged pursuant to G.S. 143-215.3(a)(1a) for processing a registration under Part 2A of this Article or Article 38 of this Chapter may not exceed fifty dollars (\$50.00) for any single registration. An additional fee of twenty percent (20%) of the registration processing fee may be assessed for a late registration under Article 38 of this Chapter. The fee for administering and compliance monitoring under Article 21, other than Parts 1 and 1A, ~~and G.S. 143-215.108 and G.S. 143-215.109 of Article 21B~~ shall be charged on an annual basis for each year of the permit term and may not exceed one thousand five hundred dollars (\$1,500) per year. Fees for processing all permits under Article 21A ~~and all other sections of Article 21B~~ shall not exceed one hundred dollars (\$100.00) for any single permit. The total payment for fees that are set by the Commission under this subsection for all permits for any single facility shall not exceed seven thousand five hundred dollars (\$7,500) per year, which amount shall include all application fees and fees for administration and compliance monitoring. A single facility is defined to be any contiguous area under one ownership and in which permitted activities occur. For all permits issued under these Articles where a fee schedule is not specified in the statutes, the Commission, or other commission specified by statute shall adopt a fee schedule in a rule following the procedures established by the Administrative Procedure Act. Fee schedules shall be established to reflect the size of the emission or discharge, the potential impact on the environment, the staff costs involved, relative costs of the issuance of new permits and the reissuance of existing permits, and shall include adequate safeguards to prevent unusual fee assessments which would result in serious economic burden on an individual applicant. A system shall be considered to allow consolidated annual payments for persons with multiple permits. In its rulemaking to establish fee schedules, the Commission is also directed to consider a method of rewarding facilities which achieve full compliance with administrative and self-monitoring reporting requirements, and to consider, in those cases where the cost of renewal or amendment of a permit is less than for the original permit, a lower fee for the renewal or amendment."

DAM SAFETY LOAN PROGRAM

SECTION 12.2 G.S. 143-215.32 is amended by adding a new section to read:

"§ 143-215.32B. Dam Safety Revolving Fund.

- (a) There is established within the Department a Dam Safety Revolving Fund. This Fund shall be a nonreverting revolving fund and shall consist of any monies that may be appropriated for use through the fund by the General Assembly or that may be made available to it from any other source of public funding.
- (b) To the extent that funds are available the purposes defined in this section, the Department, through the Division of Energy, Mineral, and Land Resources, shall have the authority to issue loans and grants from the Fund to eligible dam owners for the purpose of dam repair, modification, or removal.
- (c) The Department shall assign priority for loans and grants from the Fund to eligible projects based on the Risk-Based Prioritization Method established under the Federal

Emergency Management Agency (FEMA) High Hazard Potential Dams (HHPD) Rehabilitation Grant Program.

(d) Notwithstanding subsection (c), if the Department seeks to expand or alter these criteria, the Department may initiate rulemaking to adopt new criteria.

(e) The Department shall, when funding is available, administer loans and grants from the Fund in a manner consistent with applicable federal and state law and regulations."

ELECTRONIC PAYMENT OPTION FOR PERMITS

SECTION 12.3 Article 7 Part 1 of Chapter 143 of the General Statutes is amended by adding a new section to read:

"§ 143-279.20 Electronic Payment Option

Notwithstanding any other law or rule to the contrary, the Department of Environmental Quality may, in lieu of payment by cash or check, accept payment by electronic payment as defined in G.S. 147-86.20, for any financial transactions, including but not limited to accepting penalties, fees, contributions, gifts or donations."

HARVEST REPORTING SYSTEM FUND USE CORRECTION

SECTION 12.4. Notwithstanding any other provision of law or provision of the Committee Report described in Section 43.2 of S.L. 2023-134 to the contrary, the sum of five million dollars (\$5,000,000) in nonrecurring funds appropriated to the Department of Environmental Quality in S.L. 2023-134 for the 2023-2024 fiscal year for a harvest reporting system may also be used for the implementation as well as development of a harvest reporting system.

SHALLOW DRAFT FUND ADMINISTRATIVE COST ADJUSTMENT

SECTION 12.5. G.S. 143 215.73F reads as rewritten:

"§ 143-215.73F. Shallow Draft Navigation Channel Dredging and Aquatic Weed Fund.

...

(b) Uses of Fund. – Revenue in the Fund may only be used for the following purposes:

...

(3) For administrative support of activities related to beach and inlet management in the State, limited to ~~one hundred thousand dollars (\$100,000)~~ one hundred and twenty thousand dollars (\$150,000) in each fiscal year.

..."

ESTABLISH DEADLINE FOR ACTION ON WATER INFRASTRUCTURE DIRECTED GRANTS

SECTION 12.6. Section 12.2 of S.L. 2023-134 is amended by adding a new subsection to read:

"SECTION 12.2.(m)

(a) Definitions. – The following definitions apply to this section:

(1) Directed infrastructure grant recipient. – An entity receiving a direct allocation of funds under subsection 12.2.(e) of S.L. 2023-134.

(2) Applicable reversion provision. – Section 12.2.(c) of S.L. 2023-134 for directed water and sewer allocations under subsections (e) of that section.

(b) Project Timeline Requirements:

(1) Directed infrastructure grant recipients must provide a complete Request for Funding form with a project budget describing a project that is eligible for funding under applicable federal and State law no later than December 31, 2026.

- (2) Directed infrastructure grant recipients must enter into a construction contract for the project by December 31, 2028.
- (3) Directed infrastructure grant recipients must expend the funds allocated under subsection (e) of S.L. 2023-134 by June 30, 2031.
- (4) If the Department finds good cause for a directed infrastructure grant recipient's failure to meet any of the timeline requirements established in this subsection, the Department must set a date by which the directed infrastructure grant recipient must take action to avoid reversion of funds.
- (c) Full and Partial Reversions:
- (1) Directed allocations shall fully revert on January 1, 2027, or the day after the date established by the Department under subsection (b)(4) of this section, and be reallocated as set forth in the applicable reversion provision if the directed infrastructure grant recipient (i) fails to provide a form by the deadline set forth in subsection (b)(1) of this section or (ii) provides a form describing a project ineligible for funding.
- (2) If a directed infrastructure grant recipient submits a project budget by the deadline specified in subsection (b)(1) of this section, or the date established by the Department in subsection (b)(4) of this section, but the budget is less than the direct allocation provided to them by S.L. 2023-134, then the portion of the directed allocation not required for the project shall revert on the day after the deadline and be reallocated as set forth in the applicable reversion provision.
- (3) If a directed infrastructure grant recipient fails to enter into a construction contract accounting for the full amount of the funds appropriated for the project under subsection (e) of S.L. 2023-134 by the deadline established in subsections (b)(2) or (b)(4) of this section, then the portion of the directed allocation not included in the executed construction contract shall revert on the day after the deadline and be reallocated as set forth in the applicable reversion provision.
- (4) If the directed allocation is not fully expended on eligible uses by the deadline established in subsections (b)(3) or (b)(4) of this section, then the unused funds shall revert on the day after the deadline and be reallocated as set forth in the applicable reversion provision."

CONSERVATION GRANT FUND CHANGES

SECTION 12.7.(a) Article 16 of Chapter 113A of the General Statutes is amended by adding a new section to read:

"§ 113A-236. Contributions.

(a) A donor or assignor of conservation property interests donated or assigned to the State and managed by the Department under this Article shall make a contribution to cover costs related to the long-term management of the property. The donor or assignor shall make the donation at the time the property interest is transferred to the State and shall meet or exceed the minimum amount determined by the Department to be sufficient for managing and stewarding the property in perpetuity.

(b) The minimum long-term management contribution under subsection (a) shall be calculated as follows:

- (1) For parties that desire to assign a conservation property interest to the State, including, but not limited to, conservation easements, the minimum contribution shall be twenty-five thousand dollars (\$25,000) plus one thousand dollars (\$1,000) per acre.

(2) For parties that desire to donate a conservation property in fee to the Department, the minimum contribution shall be twenty-five thousand dollars (\$25,000) plus twenty percent (20%) of the current tax value of the parcel.

(3) Where an amendment or modification under subsection (c) of this section results in additional land being added to the conservation property, the minimum contribution required under subsection (a) of this section shall be one thousand dollars (\$1,000) per acre for the net acreage increase over the original conservation property acreage in addition to the stewardship fee for amending or modifying the conservation property. For net acreage increases that are less than one acre in size, the minimum contribution shall be one thousand dollars (\$1,000).

(c) The stewardship fee for amendments or modifications to conservation property interests managed by the Department under this Article shall be five thousand dollars (\$5,000). This stewardship fee shall be in addition to any long-term management contribution required under subsection (a).

(d) Nothing in this section is intended to require the State to accept an offer to donate or assign a conservation property interest under this Article, nor is this section intended to require the Department to agree to amend or modify a conservation property interest.

(e) This section shall only apply to requests by non-State agencies for the assignment, donation, amendment or modification of conservation property interests managed by the Department under this Article."

SECTION 12.7.(b) Article 7 Part 2 of Chapter 143 of the General Statutes reads as rewritten:

"§ ~~143B-279.18~~, 143B-279.19 Quadrennial adjustment of certain fees and rates.

...

(23) 113A-236

..."

SECTION 12.7.(c) G.S. 143-214.15 reads as rewritten:

"...

(e) ~~If private individuals, corporations, or other nongovernmental entities wish to purchase any of the inventory of land suitable for wildlife habitat, then the Stewardship Program of the Department of Environmental Quality shall issue a request for proposal to all interested respondents for the purchase of the land. The State shall accept a proposal and proceed to dispose of the land only if the Department determines that the proposal meets both of the following requirements:~~

(1) ~~The proposal provides for the maintenance in perpetuity of management measures listed in the original mitigation instrument or otherwise needed on an ongoing or periodic basis to maintain the functions of the mitigation site.~~

(2) ~~Where the functions of the mitigation site include provision of recreation or hunting opportunities to members of the general public, the proposal includes measures needed to continue that level of access.~~

~~The instrument conveying a property interest in a mitigation site shall be executed in the manner required by Article 16 of Chapter 146 of the General Statutes, and shall reflect the requirements of this subsection.~~

..."

REPEAL PROHIBITION ON STATE OR REGIONAL EMISSIONS STANDARDS FOR NEW MOTOR VEHICLES

SECTION 12.8. Section 12.6 of S.L. 2023-134 is repealed.

~~"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."~~

PART XIII. LABOR

TRANSFER OF UNEXPENDED FEES

SECTION 13.1.(a) G.S. 95-108 reads as rewritten:

"§ 95-108. Disposition of fees.

All fees collected by the Department of Labor pursuant to G.S. 95-69.11, 95-110.5, 95-111.4 and 95-120 shall be deposited with the State Treasurer and shall be used exclusively for inspection and certification purposes. All fees collected pursuant to this section that have not yet been expended shall not revert at the end of each state fiscal year but shall remain available for expenditure in the subsequent state fiscal year."

PART XIV. NATURAL AND CULTURAL RESOURCES

INCREASE THE TRANSFER AMOUNT FOR AQUARIUMS SPECIAL FUND

SECTION 14.1. G.S. 143B-135.188 reads as rewritten:

"§ 143B-135.188. North Carolina Aquariums; fees; fund.

...

(c) Disposition of Receipts. – All receipts derived from the collection of admissions charges and other fees and the lease or rental of property or facilities shall be credited to the aquariums' General Fund operating budget. At the end of each fiscal year, the Secretary may transfer from the North Carolina aquariums' General Fund operating budget to the North Carolina Aquariums Fund an amount not to exceed the sum of the following:

- (1) ~~One million five hundred thousand dollars (\$1,500,000).~~ Three million dollars (\$3,000,000).
- (2) The amount needed to cover the expenses described by subdivision (2) of subsection (b) this section.
- (3) Any donations, gifts, and devises received by the North Carolina aquariums."

PART XV. WILDLIFE RESOURCES COMMISSION [RESERVED]

PART XVI. ADMINISTRATIVE OFFICE OF THE COURTS [RESERVED]

PART XVII. INDIGENT DEFENSE SERVICES [RESERVED]

PART XVIII. JUSTICE

FLEXIBILITY TO RESTORE MANAGEMENT FLEX CUT IN BASE BUDGET

SECTION 18.1. When developing the base budget, as defined by G.S. 143C-1-1, beginning in the 2025-27 fiscal biennium, the Director of the Budget shall include the full requirements specified in the committee report for this item, one million five hundred thousand dollars (\$1,500,000), and an additional one million five hundred forty-two thousand one hundred twenty-six dollars (\$1,542,126) to restore the management flex cut from S.L. 2017-57.

PART XIX. ADULT CORRECTION

PART XIXA. DEPARTMENT OF ADULT CORRECTION ADMINISTRATION

INMATE MEDICAL REPORTING

SECTION 19A.1. G.S. 143B-1470 reads as rewritten:

"§ 143B-1470. Medical costs for inmates.

(c) The Department of Adult Correction shall report ~~quarterly~~ annually by September 1 of each year to the Joint Legislative Oversight Committee on Justice and Public Safety and the chairs of the Justice and Public Safety Appropriations Committees on:

(1) The percentage of the total inmates requiring hospitalization or hospital services who receive that treatment at each hospital.

...

(10) The reimbursement rate for contracted providers. The Department shall randomly audit high-volume contracted providers to ensure adherence to billing at the contracted rate.

Reports ~~submitted on August 1~~ shall include totals for the previous fiscal year for all the information requested."

PART XIXB. PRISONS [RESERVED]

PART XIXC. COMMUNITY SUPERVISION [RESERVED]

PART XIXD. REHABILITATION AND REENTRY [RESERVED]

PART XIXE. PUBLIC SAFETY

PART XIXF. DEPARTMENT OF PUBLIC SAFETY ADMINISTRATION

OFFICE OF VIOLENCE PREVENTION

SECTION 19F.1. Chapter 143B, Article 13 of the General Statutes is amended by adding a new section to read:

"§ 143B-1130. Office of Violence Prevention

a) Office of Violence Prevention Established. – There is established the Office of Violence Prevention. The Office of Violence Prevention shall be located in the Department of Public Safety under the direction and control of the Secretary of the Department of Public Safety. The Office of Violence Prevention shall consist of an Executive Director appointed by the Secretary of the Department of Public Safety and such other professional, administrative, technical, and clerical personnel as the Secretary deems necessary to assist the Office of Violence Prevention in carrying out its powers and duties.

b) Executive Director. – The Executive Director shall report to and serve at the pleasure of the Secretary of the Department of Public Safety at a salary established by the Secretary within the funds appropriated for this purpose.

c) Powers and Duties. – The Office of Violence Prevention shall have the following duties, and all other powers and duties provided in this Article:

- (1) Facilitate the reduction of violence, harm from violence, and firearm misuse in North Carolina by coordinating efforts across state agencies, including the Department of Health and Human Services, and partnering with local governments and communities to:
- a. Ensure a whole-of-government approach;
 - b. Incorporate a public health approach to reducing violence; and
 - c. Support and deploy evidence-based and promising programs and strategies, such as safe firearm storage campaigns, community- and hospital-based violence intervention programs, and other evidence-based and promising programs and strategies.
- (2) The Office may engage in activities that align with its mission, including but not limited to:
- a. Enhancing data awareness, collection, and sharing;
 - b. Offering best practice guidance, advice, and support for local programs;
 - c. Facilitating cross-jurisdictional collaboration and information sharing;
 - d. Conducting public awareness campaigns;
 - e. Sharing data and collaborating with research institutions; and
 - f. Identifying and applying for funding from federal, state, and philanthropic sources.
- d) Report. – The Office shall publish and deliver to the Office of the Governor and the Joint Legislative Oversight Committee for Justice and Public Safety a public report describing the Office's activities and recommendations from the prior fiscal year annually by September 1."

PART XIXG. LAW ENFORCEMENT [RESERVED]

PART XIXH. JUVENILE JUSTICE [RESERVED]

PART XIXI. EMERGENCY MANAGEMENT AND NATIONAL GUARD [RESERVED]

PART XIX-M. STATE BUREAU OF INVESTIGATION [RESERVED]

PART XX. ADMINISTRATION [RESERVED]

PART XXI. ADMINISTRATIVE HEARINGS [RESERVED]

PART XXII. AUDITOR [RESERVED]

PART XXIII BUDGET AND MANAGEMENT

COUNCIL OF INTERNAL AUDITING

SECTION 23.1. G.S. 143-747 reads as rewritten:

"§ 143-747. Council of Internal Auditing.

...

(c) The Council shall:

...

- (11a) Gather and assess the extent to which State agencies have met the minimum key performance indicators and criteria required under subdivision (3a) of this subsection. The Council shall report findings in the report required in s.143-747.(c)(12).to the Joint Legislative Commission on Governmental Operations on or before December 31, 2022, and annually thereafter.

- (12) No later than ~~November 1~~ December 31 of each year, issue a report that shall include, but not be limited to, service efforts and accomplishments of State agency internal auditors and proposed legislation for consideration by the Governor and General Assembly. The annual report shall be prepared by the Office of State Budget and Management and shall be submitted to the Joint Legislative Oversight Committee on General Government and the Joint Legislative Commission on Governmental Operations."

STATEWIDE FEDERAL MATCHING AND TECHNICAL ASSISTANCE FUNDING

SECTION 23.2.(a) Of the funds appropriated in this act to the Office of State Budget and Management (OSBM) from the Federal Infrastructure Match Reserve, the sum of twenty-five million dollars (\$25,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall be used by OSBM as follows:

- (1) Five million dollars (\$5,000,000) to aid State agencies in hiring time-limited positions or third-party contractors to assist the agencies in applying for federal grants available under the Infrastructure Investment and Jobs Act (IIJA) (P.L. 117-58), the Chips and Science Act of 2022 (CHIPS) (P.L. 117-167), and the Inflation Reduction Act of 2022 (IRA) (P.L. 117-169).
- (2) Twenty million dollars (\$20,000,000) to provide funds to State agencies that must meet a state match requirement in order to procure federal funds from the IIJA, CHIPS, or IRA. The funds allocated in this subdivision may not be provided to a State agency for any federal grant (i) for which the agency is allocated funds from the Federal Infrastructure Match Reserve in this act or (ii) for which state matching funds are included in the agency's base budget.

SECTION 23.2.(b) Funds appropriated for the purposes authorized in subsection (a) of this section that are unencumbered on June 30, 2025, shall not revert to the Federal Infrastructure Match Reserve but shall remain available for the purposes authorized in subsection (a) of this section until the funds are expended.

LOCAL GOVERNMENTS FEDERAL MATCHING ASSISTANCE

SECTION 23.3.(a) Of the funds appropriated in this act to the Office of State Budget and Management (OSBM) from the Federal Infrastructure Match Reserve, the sum of twenty million dollars (\$20,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall be used by OSBM to provide funds to local governments, local governmental authorities, or public authorities (recipients) to increase application competitiveness and make minimum project investments, exclusive of technical assistance, needed to ensure application viability for IIJA, CHIPS, or IRA funding opportunities. The funds allocated in this subdivision may not be provided to a recipient for any federal grant for which the recipient is allocated funds from the Federal Infrastructure Match Reserve in this act.

SECTION 23.3.(b) Funds appropriated for the purposes authorized in subsection (a) of this section that are unencumbered on June 30, 2025, shall not revert to the Federal Infrastructure Match Reserve but shall remain available for the purposes authorized in subsection (a) of this section until the funds are expended.

SECTION 23.3.(c) Not later than February 1, 2025, and February 1 of each year thereafter until the funds are expended, OSBM 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, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division which shall include all of the following:

- (1) For each recipient of funds from OSBM to enhance competitiveness for IJA, CHIPS, or IRA funding opportunities:
- a. The number of grant applications submitted to federal agencies and the number of grants awarded to the recipient as a result of the applications.
 - b. The name of each federal agency to which the recipient submitted a grant application, the name of each federal grant applied for, the type of federal grant (formula, competitive, or other), and a brief description of the purpose of the federal funding opportunity. If the type of funding was identified as "other," the type of funding must be clearly identified.
 - c. The amount of federal funds the recipient applied for and the amount of the funding assistance required for each federal grant application.
 - d. The amount of federal funds awarded and the amount of funds allocated by OSBM.

**PART XXIV BUDGET AND MANAGEMENT – SPECIAL APPROPRIATIONS
[RESERVED]**

PART XXV. OFFICE OF STATE CONTROLLER [RESERVED]

PART XXVI. ELECTIONS [RESERVED]

PART XXVII. GENERAL ASSEMBLY [RESERVED]

PART XXVIII GOVERNOR

OFFICE OF THE GOVERNOR – FLEX CUT RESTORATION

SECTION 28.1. When developing the base budget, as defined by G.S. 143C-1-1, beginning in the 2025-27 fiscal biennium, the Director of the Budget shall include the full requirements specified in the committee report for this item, four hundred ninety thousand dollars (\$490,000), and an additional four hundred eighty-nine thousand two hundred and five dollars (\$489,205) to restore the management flex cut from S.L. 2017-57.

PART XXIX. HOUSING FINANCE AGENCY [RESERVED]

PART XXIXA. OFFICE OF STATE HUMAN RESOURCES [RESERVED]

PART XXX. INSURANCE [RESERVED]

PART XXXI. INSURANCE – INDUSTRIAL COMMISSION [RESERVED]

PART XXXII. LIEUTENANT GOVERNOR [RESERVED]

PART XXXIII. MILITARY AND VETERANS AFFAIRS

CLARIFICATION OF VETERANS DEFINITIONS

SECTION 33.1. G.S. 143B-14 reads as rewritten:
"§ 143B-1213. Definitions.

...

- b. For entitlement to the services of the Department of Military and Veterans Affairs, a person who may be entitled to any benefits or rights under the laws of the United States by reason of service in the Armed Forces of the United States under the U.S. Department of Defense (Army, Marine Corps, Navy, Air Force, Space Force, National Guard) and the U.S. Department of Homeland Security (Coast Guard), and the reserve components thereof.
- c. For this Chapter, unless otherwise stated "Armed Forces of the United States" means the Armed Forces of the United States under the United States Department of Defense (Army, Marine Corps, Navy, Air Force, Space Force, National Guard) and the United States Department of Homeland Security (Coast Guard), the reserve components thereof.
- ..."

DMVA FILL VETERAN SERVICES OFFICER POSITIONS

SECTION 33.2. Section 33.8 of S.L. 2023-143 is repealed.

DMVA FILL INTERNAL AUDITOR AND PROGRAM ANALYST POSITIONS

SECTION 33.3. Section 33.9 of S.L. 2023-143 is repealed.

CEMETARY TRUST FUND

SECTION 33.4. Article 14 of Chapter 14B of the General Statutes is amended by adding a new section to read:

"§ 143B-1218. North Carolina Veterans Cemeteries Trust Fund

(a) There is established the North Carolina Veterans Cemetery Trust Fund (hereinafter "Fund"), a special fund within the Department of Military and Veterans Affairs. The Fund shall be maintained as a special fund and shall be administered by the Department to carry out the provisions of this section for the operations and Maintenance of State veterans' cemeteries. Interest accruing from the monies in the Fund shall be credited to the Fund.

(1) All interest and investment earnings received on monies in the Fund.

(1a) Funds or monies received by the Department, the receipt of which does not exclude any other source of revenue, from the United States, any federal agency or institution, or individual reimbursement, for the support of veterans cemeteries.

(2) Any other funds, as directed by the General Assembly.

(b) The Department is authorized to use up to four hundred thousand dollars (\$400,000) of the interest earned on the Fund to create up to six positions to maintain and operate the existing state veteran cemeteries. The amount allowed to the Department for costs under this section may be increased in each fiscal year by the percentage of any legislatively mandated salary or benefit increase provided that interest income is sufficient for the increase.

...."

DMVA/GRANT PROGRAM FOR COUNTY VETERANS OFFICES

SECTION 33.5 Section 33.13 of S.L. 2023-143 reads as rewritten:

"SECTION 33.13

(a) The funds appropriated in this act to the Department of Military and Veterans Affairs (DMVA), the sum of one million five hundred thousand dollars (\$1,500,000) in nonrecurring funds in each fiscal year of the 2023-2025 fiscal biennium shall be used to establish a grant program for existing county veterans (hereinafter "CVOs") to provide services to veterans. The following shall apply to the grant program:

- (1) The CVO must be located in a county in which there are ~~eight or less~~ certified veteran service officers (VSOs). The VSO may be an employee of or volunteer with the federal government, State of North Carolina, county, or entity in the county, including a nonprofit organization. ~~DMVA shall verify the presence of eight or less certified VSOs in the county through the United States Department of Veterans Affairs prior to awarding the grant.~~
- (2) ~~A grant may be up to twenty thousand dollars (\$20,000).~~
- (3) ~~Only one grant may be awarded to a CVO in each discal year of the 2023-2025 fiscal biennium.~~
- ..."

CHILDREN OF WARTIME VETERANS SCHOLARSHIP

SECTION 33.6. G.S. 143B-1226 reads as rewritten:

"143B-1226. Classes or categories of eligibility under which scholarships may be awarded.

(b)(2) Class 1-B: Under this class, a ~~limited~~ scholarship ~~providing only those benefits set forth in G.S. 143B-1225(a)(1)a., d., and e., and G.S. 143B-1225(a)(2)~~ shall be awarded to any child whose veteran parent, at the time the benefits pursuant to this Part are sought to be availed of is, ~~or was at the time of his death~~ receiving compensation for a wartime service-connected disability or one hundred percent (100%) as rated by the United States Department of Veterans Affairs. Provided, that if the veteran parent of a recipient under this class shall have utilized all of his scholarship eligibility time, then the North Carolina Department of Military and Veterans Affairs, shall amend the recipient's award form Class I-B to Class I-A for the remainder of the recipient's eligibility time. The effective date of such an amended award shall be determined by the Department of Military and Veterans Affairs but, in no event shall it predate the date of the veteran parent's death.

..."

PART XXXIV. REVENUE

SCRAP TIRE DISPOSAL TAX

SECTION 34.1. G.S. 105-187.19(a) reads as rewritten:

"§ 105-187.19. Use of tax proceeds.

(a) The Secretary shall distribute the taxes collected under this Article, less the allowance to the Department of Revenue for administrative expenses, in accordance with this section. The Secretary may retain the cost of collection by the Department, not to exceed ~~four hundred twenty five thousand dollars (\$425,000)~~ six hundred seventy-five thousand dollars (\$675,000) a year as reimbursed to the Department.

..."

WHITE GOODS DISPOSAL TAX

Section 34.2. G.S. 105-187.24 reads as rewritten:

"§ 105-187.24. Use of tax proceeds.

The Secretary shall distribute the taxes collected under this Article, less the Department of Revenue's allowance for administrative expenses, in accordance with this section. The Secretary may retain the Department's cost of collection, not to exceed ~~four hundred twenty five thousand dollars (\$425,000)~~ six hundred seventy-five thousand dollars (\$675,000) a year, as reimbursement to the Department.

..."

PART XXXV. SECRETARY OF STATE [RESERVED]

PART XXXVI. TREASURER**STATE HEALTH PLAN RESERVE FLEXIBILITY**

SECTION 36.1. On and after July 1, 2024, if the State Health Plan for Teachers and State Employees projects a cash reserve of less than the estimated amount needed to pay healthcare providers in the following month, the Department of State Treasurer shall report to the Director of the Budget. The Office of State Budget and Management may, at the discretion of the Director of the Budget, allocate up to two-hundred-fifty million dollars (\$250,000,000) of funds available to the state to the Health Benefit Reserve Fund as needed to meet current liabilities. The allocation shall be no more than the anticipated shortfall. The Department of State Treasurer will work with the Director of the Budget to create a plan for repayment to the state of the amount loaned to the Health Benefits Reserve. For purposes of this section, the term "cash reserve" means the total balance in the Public Employee Health Benefit Fund and the Health Benefit Reserve Fund established in G.S. 135-48.5 plus the Plan's administrative account.

PART XXXVII. GENERAL GOVERNMENT [RESERVED]**PART XXXVIII. INFORMATION TECHNOLOGY****STATEWIDE PRIVACY AND SECURITY POSITIONS**

SECTION 38.1. Section 38.1A. of S.L. 2023-134 reads as rewritten:

~~"SECTION 38.1A. The Department of Information Technology shall include in the rates submitted pursuant to G.S. 143B-1333 an additional amount not exceeding three million to be charged to agencies for the Security Operations Center and Privacy Office Support. The rates shall not include, and agencies shall not be charged the one million one hundred twenty-six thousand dollars (\$1,126,000) requested for other positions within the Department."~~

PART XXXIX. SALARIES AND BENEFITS**ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED COST OF LIVING ADJUSTMENT/ LEGISLATIVE SALARY INCREASES**

SECTION 39.1. Section 39.1 of S.L. 2023-134 reads as rewritten:

"...

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 percent (3%)~~ five percent (5%) 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) Officers and employees to which Section 39.15 or Section 39.18 of this Part apply.

- (6) Employees of the State Bureau of Investigation and Alcohol Law Enforcement compensated under Section 39.16 of this Part.
- (7) Employees of the State Highway Patrol compensated under Section 39.17 of this Part.
- (8) Employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, the Department of Adult Correction, and the State Board of Education who are paid based on the Teacher Salary Schedule."

POSITION FUNDSHIFT RESERVE

SECTION 39.2.(a) State Agencies are authorized to use the funding provided in the Position Fundshift Reserve to fundshift receipt-supported positions in the General Fund, in whole or in part, to net appropriation support.

ADDITIONAL VACATION DAYS FOR STATE EMPLOYEES

SECTION 39.3.(a) The number of annual vacation leave credits provided to employees subject to the State Human Resources Act who are full-time or over half-time and have a permanent, trainee, time-limited or probationary appointment and who are in pay status for one-half of the regularly scheduled workdays and holidays in a pay period shall be increased to the following amounts:

<u>Years of Total Service</u>	<u>Days Granted Each Year</u>
Less than 1 year	15
1 but less than 5 years	17
5 but less than 10 years	20
10 but less than 15 years	22
15 but less than 20 years	24
20 or more years	26

ENHANCED LABOR MARKET ADJUSTMENT RESERVE

SECTION 39.4.(a) Of the Enhanced 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) If an agency has 500 or more employees, 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. If an agency has fewer than 500 employees, 50% of the agency's permanent employees may receive a salary increase.
- (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.

SECTION 39.4.(b) Notwithstanding G.S. 143C-6-6(b), agencies may use Enhanced Labor Market Adjustment Reserve funds to award salary adjustments to any General Fund employee regardless of the proportionate part of the employee's current salary supported from net appropriations or receipts.

SECTION 39.4.(c) The Director of the Budget may adjust a State agency's budgeted receipts to provide an equivalent one and one-half percent (1.5%) 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 39.4.(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 displays the salary increases made for each position classification, the average increase provided to employees in each position classification, and the market-based justification for the awarded salary increases. Agencies receiving Labor Market Adjustment Salary Reserve appropriations shall report to the OSHR on their use by December 15, 2024. By January 15, 2025, the OSHR shall submit the report containing the agency responses to the Fiscal Research Division.

RETENTION BONUS AWARDED FOR FISCAL YEAR

SECTION 39.5.(a) Any person (i) whose salary is set by this act in Part 7A or this Part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act and (ii) who is continuously employed by the State or a public school unit from July 1, 2024 to September 30, 2024 shall be awarded a retention bonus for the 2024-25 fiscal year in the amount of five hundred dollars (\$500.00), payable during the month of October 2024. For otherwise eligible local education employees, eligibility for the bonus shall be measured beginning not on July 1, 2024, but on the first day when staff report for the 2024-2025 school year.

SECTION 39.5.(b) Any person (i) whose salary is set by this act in Part 7A or this Part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act and (ii) who is continuously employed by the State or a public school unit from October 1, 2024, to March 31, 2025, shall be awarded an additional retention bonus for the 2024-25 fiscal year in the amount of five hundred dollars (\$500.00), payable during the month of April 2025.

SECTION 39.5.(c) Employers of State employees and local education employees shall provide an additional retention bonus of two hundred and fifty dollars (\$250.00), payable during the month of October 2024, to all permanent full-time State employees and local education employees who are continuously employed by the State or a public school unit from July 1, 2024, to September 30, 2024, and who earns an annual salary that does not exceed seventy-five thousand dollars (\$75,000).

SECTION 39.5.(d) Employers of State employees and local education employees shall provide an additional retention bonus of two hundred and fifty dollars (\$250.00), payable during the month of April 2025, to all permanent full-time State employees and local education employees who are employed by the State or a public school unit from October 1, 2024, to March 31, 2025, and who earn an annual salary that does not exceed seventy-five thousand dollars (\$75,000).

SECTION 39.5.(e) Notwithstanding Section 39.25 of S.L. 2023-134, any funds appropriated for retention bonuses in excess of the amounts required to implement the bonuses shall revert and not be credited to the Pay Plan Reserve.

SECTION 39.5.(f) Notwithstanding G.S. 135-1(7a), the compensation bonuses awarded by this section are not compensation as defined by Article 1 of Chapter 135 of the General Statutes, the Teachers' and State Employees' Retirement System (TSERS).

SECTION 39.5.(g) The compensation bonuses awarded by this section are not part of annual salary and shall be paid out separately. The compensation bonus shall be awarded to eligible permanent employees without regard to an employee's placement within the salary range, including employees at the top of the salary range. The compensation bonus shall be adjusted pro rata for permanent part-time employees.

GOVERNOR AND COUNCIL OF STATE

SECTION 39.6 Section 39.4(b1) of S.L. 2023-134 reads as rewritten:

"SECTION 39.4.(b1) Effective July 1, 2024, the annual salaries for members of the Council of State, payable monthly, are set as follows:

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	\$168,384 <u>\$173,436</u>
Attorney General	168,384 <u>173,436</u>
Secretary of State	168,384 <u>173,436</u>
State Treasurer	168,384 <u>173,436</u>
State Auditor	168,384 <u>173,436</u>
Superintendent of Public Instruction	168,384 <u>173,436</u>
Agriculture Commissioner	168,384 <u>173,436</u>
Insurance Commissioner	168,384 <u>173,436</u>
Labor Commissioner	168,384 <u>173,436</u>

CERTAIN EXECUTIVE BRANCH OFFICIALS

SECTION 39.7 Section 39.5.(b) of S.L. 2023-134 reads as rewritten:

"SECTION 39.5.(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:

<u>Executive Branch Officials</u>	<u>Annual Salary</u>
Chairman, Alcoholic Beverage Control Commission	\$140,844 <u>\$145,069</u>
State Controller	196,119 <u>202,003</u>
Commissioner of Banks	158,076 <u>162,818</u>
Chair, Board of Review, Division of Employment Security	155,055 <u>159,707</u>
Members, Board of Review, Division of Employment Security	153,160 <u>157,755</u>
Chairman, Parole Commission	155,055 <u>159,707</u>
Full-Time Members of the Parole Commission	143,364 <u>147,665</u>
Chairman, Utilities Commission	175,765 <u>181,038</u>
Members of the Utilities Commission	158,076 <u>162,818</u>
Executive Director, North Carolina Agricultural Finance Authority	137,161 <u>141,276</u>
State Fire Marshall	139,050 <u>143,222</u>

JUDICIAL BRANCH

SECTION 39.8.(a) Section 39.6.(a1) of S.L. 2023-134 reads as rewritten:

"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:

<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
Chief Justice, Supreme Court	\$203,073 <u>\$209,165</u>
Associate Justice, Supreme Court	197,802 <u>203,736</u>
Chief Judge, Court of Appeals	194,674 <u>200,514</u>
Judge, Court of Appeals	189,621 <u>195,310</u>
Judge, Senior Regular Resident Superior Court	174,250 <u>179,478</u>
Judge, Superior Court	169,125 <u>174,199</u>
Chief Judge, District Court	167,548 <u>172,574</u>
Judge, District Court	162,620 <u>167,499</u>
Chief Administrative Law Judge	144,736 <u>149,078</u>

District Attorney	167,337 <u>172,357</u>
Assistant Administrative Officer of the Courts	151,815 <u>156,369</u>
Public Defender	167,337 <u>172,357</u>
Director of Indigent Defense Services	162,484 <u>167,359</u> "

SECTION 39.8.(b) Section 39.6.(b1) of S.L. 2023-134 reads as rewritten:

"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 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 salaries of those assistants in that district, for the 2024-25 fiscal year, do not exceed ~~one hundred one thousand two hundred ninety nine dollars (\$101,299)~~ one hundred four thousand three hundred thirty eight dollars (\$104,338) and the minimum salary of any assistant is at least ~~fifty four thousand three hundred sixty nine dollars (\$54,369)~~ fifty six thousand twenty one dollars (\$56,021), effective July 1, 2024."

CLERKS OF SUPERIOR COURT

SECTION 39.9. Effective July 1, 2024, 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:

<u>Assistants and Deputies</u>	<u>Annual Salary</u>
0-19	\$108,472 <u>\$111,726</u> \$115,078
20-29	119,891 <u>123,488</u> 127,193
30-49	131,309 <u>135,248</u> 139,305
50-99	142,728 <u>147,010</u> 151,420
100+	145,582 <u>149,949</u> 154,447

If the number of State-funded assistant and deputy clerks of court as determined by the Administrative Office of the 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 continuation in office."

ASSISTANT AND DEPUTY CLERKS OF SUPERIOR COURT

SECTION 39.10. Effective July 1, 2024, G.S. 7A-102(c1) reads as rewritten:

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

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	\$40,482 <u>\$41,696</u>
Maximum	74,792 <u>77,036</u>
Deputy Clerks	Annual Salary
Minimum	\$36,315 <u>\$37,404</u>
Maximum	58,740 <u>60,502.</u> "

MAGISTRATES

SECTION 39.11. Effective July 1, 2024, G.S. 7A-171.1(a)(1) reads as rewritten:

"§ 7A-171.1. Duty hours, salary, and travel expenses within county.

(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

<u>Step Level</u>	<u>Annual Salary</u>
Entry Rate	\$47,228 <u>\$48,645</u>
Step 1	50,714 <u>52,235</u>
Step 2	54,475 <u>56,109</u>
Step 3	58,475 <u>60,211</u>
Step 4	63,228 <u>65,125</u>
Step 5	68,973 <u>71,042</u>
Step 6	75,415 <u>77,677</u> .

LEGISLATIVE EMPLOYEES

SECTION 39.12. Section 39.10.(a1) of S.L. 2023-134 reads as rewritten:

"**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, 2020, shall be legislatively increased by ~~three percent (3%)~~ five percent (5%)."

GENERAL ASSEMBLY PRINCIPAL CLERKS

SECTION 39.13. Effective July 1, 2024, G.S. 120-37(c) reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of ~~one hundred thirty-three thousand nine hundred thirty-six dollars (\$133,936)~~ one hundred thirty-seven thousand nine hundred fifty-four dollars (\$137,954) 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 AND READING CLERKS

SECTION 39.14. Effective July 1, 2024, G.S. 120-37(b) reads as rewritten:

"(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of ~~five hundred twenty-eight dollars (\$528.00)~~ five hundred forty-four dollars (\$544.00) 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 39.15. Section 39.13. of S.L. 2023-134 reads as rewritten:

"**SECTION 39.13.(a)** Community college personnel shall receive the following legislative salary increases:

...

(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 percent (3%)~~ five percent (5%).

...

"**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:

	Minimum Salary
Education Level	2024-2025
Vocational Diploma/Certificate or Less	\$43,120 <u>\$44,414</u>
Associate Degree or Equivalent	43,720 <u>45,032</u>
Bachelor's Degree	46,321 <u>47,711</u>
Master's Degree or Education Specialist	48,629 <u>50,088</u>
Doctoral Degree	51,956 <u>53,515</u>
..."	

UNIVERSITY OF NORTH CAROLINA SYSTEM

SECTION 39.16. Section 39.14.(2) of S.L. 2023-134 reads as rewritten:

"(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 percent (3%)~~ five percent (5%)."

CORRECTIONAL OFFICER SALARY SCHEDULE

SECTION 39.17. Section 39.15.(b) of S.L. 2023-134 is rewritten to read:

"**SECTION 39.15.(b)** The following annual salary schedule applies under subsections (a) and (a1) 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	\$36,525	\$37,727	\$40,348	\$38,750	\$40,025	\$42,805
1	\$39,081	\$40,367	\$43,173	\$41,461	\$42,825	\$45,802
2	\$41,427	\$42,832	\$45,764	\$43,950	\$45,440	\$48,551
3	\$43,498	\$44,929	\$48,052	\$46,147	\$47,665	\$50,979
4	\$45,237	\$46,726	\$49,974	\$47,992	\$49,572	\$53,017
5	\$46,595	\$48,127	\$51,473	\$49,433	\$51,058	\$54,608
6+	\$47,527	\$49,090	\$52,503	\$50,422	\$52,080	\$55,700"

STATE LAW ENFORCEMENT OFFICER SALARY SCHEDULE

SECTION 39.18. Section 39.16.(b) of S.L. 2023-134 reads as rewritten:

"**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	53,477	<u>53,477</u> 56,151
1	56,954	<u>56,954</u> 59,802
2	60,656	<u>60,656</u> 63,689
3	64,599	<u>64,599</u> 67,829
4	68,798	<u>68,798</u> 72,238
5	73,270	<u>73,270</u> 76,934
6+	78,033	<u>78,033</u> 81,935"

STATE HIGHWAY PATROL/SALARY SCHEDULE/INCREASE

SECTION 39.19. Section 39.17.(b) of S.L. 2023-134 reads as rewritten:

"**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	FY 2023-24	FY 2024-25
0	55,000	<u>55,000</u> 57,750
1	58,575	<u>58,575</u> 61,504
2	62,382	<u>62,382</u> 65,501
3	66,437	<u>66,437</u> 69,759
4	70,755	<u>70,755</u> 74,293
5	75,354	<u>75,354</u> 79,122
6+	80,252	<u>80,252</u> 84,265"

PROBATION AND PAROLE OFFICER SALARY SCHEDULE

SECTION 39.20. Section 39.18.(b) of S.L. 2023-134 reads as rewritten:

"**SECTION 39.18.(b)** The following annual salary schedule applies under subsections (a) and (a1) 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	44,099	<u>45,422</u> 46,785
1	46,965	<u>48,374</u> 49,825
2	50,019	<u>51,520</u> 53,066
3	53,270	<u>54,868</u> 56,514
4	56,733	<u>58,435</u> 60,188
5	60,420	<u>62,233</u> 64,100
6+	64,348	<u>66,278</u> 68,266"

USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED INCREASES

SECTION 39.21. Section 39.25.(c) of S.L. 2023-134 reads as rewritten:

"**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, except for vacant positions with a budget salary below the salary grade midpoint, 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."

SALARY-RELATED CONTRIBUTIONS

SECTION 39.22. Section 39.26.(c) of S.L. 2023-134 reads as rewritten:

"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% 17.69%	16.79% 17.69%	6.84%	37.00% 38.83%	22.00% 23.53%
Disability	0.13%	0.13%	0.13%	0.00%	0.00%
Death	0.13%	0.13%	0.00%	0.00%	0.00%
Retiree Health	6.99%	6.99%	6.99%	6.99%	6.99%
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
Total Contribution					
Rate	24.04% 24.94%	29.04% 29.94%	13.96%	43.99% 45.82%	28.99% 30.52%

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."

PROVIDE COST-OF-LIVING ADJUSTMENT FOR RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM

SECTION 39.23.(a) G.S. 135-5 is amended by adding a new subsection to read:

"(aaaa) On or before November 30, 2024, a one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who are living as of October 1, 2024, and whose retirement commenced on or before October 1, 2024. The payment shall be three percent (3%) of the beneficiary's annual retirement allowance payable as of October 1, 2023, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments."

SECTION 39.23.(b) G.S. 135-65 is amended by adding a new subsection to read:

"(ll) On or before November 30, 2024, a one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who are living as of October 1, 2024, and whose retirement commenced on or before October 1, 2024. The payment shall be three percent (3%) of the beneficiary's annual retirement allowance payable as of October 1, 2024, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments."

SECTION 39.23.(c) G.S. 120-4.22A is amended by adding a new subsection to read:

"(ff) In accordance with subsection (a) of this section, on or before November 30, 2024, a one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who are living as of October 1, 2024, and whose retirement commenced on or before October 1, 2024. The payment shall be three percent (3%) of the beneficiary's annual retirement allowance payable as of October 1, 2024, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments."

PART XL. CAPITAL

GENERAL FUND CAPITAL APPROPRIATIONS/INTRODUCTION

SECTION 40.1 The appropriations made by the 2023 General Assembly for capital improvements are for constructing, repairing, or renovating State buildings, utilities, and other capital facilities, for acquiring sites for them where necessary, and for acquiring buildings and land for State government purposes.

CAPITAL APPROPRIATIONS/STATE CAPITAL AND INFRASTRUCTURE FUND

SECTION 40.2 This subsection authorizes the capital projects listed in the Committee Report, and appropriates funding from the State Capital and Infrastructure Fund to the Office of State Budget and Management for the 2024-25 fiscal year based upon projected cash flow needs for the authorized projects. The amounts authorized in this subsection represent the maximum amounts 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 IMPROVEMENT & REPAIRS AND RENOVATIONS APPROPRIATIONS

SECTION 40.3 Section 40.1 of S.L. 2023-134 reads as rewritten:

"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
NCFS–Property Purchase	DACS23-14
Department of Environmental Quality	
Reedy Creek Laboratory	DEQ21-1
Department of Health and Human Services	
Walter B. Jones–New Medical Office Bldg.	DHHS23-1
Broughton Hospital–New Maintenance & Warehouse Facility	DHHS23-2
Cherry Hospital–New Maintenance Bldg.	DHHS23-3
South Piedmont Medical Examiner	DHHS23-4
Department of Natural and Cultural Resources	
Fort Fisher Aquarium–Aquarium Expansion	DNCR21-5

1	NC Museum of History–Expansion	DNCR21-13
2	Zoo–New Aviary	DNCR23-1
3	NC Museum of Art at Winston-Salem/SECCA	DNCR23-2
4	Stone Mountain State Park–Parking Lot	DNCR23-4
5	North Carolina Maritime Museum at Beaufort	DNCR23-5
6	Town Creek Indian Mound State Historic Site–	
7	Visitor Center & Exhibit Improvements	DNCR23-6
8	State Historic Sites–Three New Visitor Centers	DNCR23-7
9	Thomas Day House–Site Development	DNCR23-8
10	Lake Waccamaw State Park–New Campground	DNCR23-12
11	Lumber River State Park–Wire Pasture Access Development	DNCR23-13
12	NC Maritime Museum at Southport	DNCR23-14
13	NC Transportation Museum	DNCR23-15
14	Fort Fisher Historic Site	DNCR23-16
15		
16	Department of Administration	
17	State Government Executive Headquarters	DOA22-1
18	Department of Instruction Building Renovation	DOA22-3
19	Service Campus	DOA23-1
20	State Agency Lease	DOA23-2
21	Archdale Building Demolition	DOA23-3
22	Caswell Square Demolition	DOA23-4
23	Parking Deck–Wilmington Street	DOA23-5
24	Albemarle Building Facility Improvements	DOA23-6
25	<u>Secure Records and Technology Center</u>	<u>DOA24-7</u>
26		
27	Department of Commerce	
28	Wanchese Marine Industrial Park–Covered Workspace	COMM23-1
29		
30	Department of Adult Correction	
31	Stun Fencing	DAC23-1
32	DARTCenter–Exterior Envelope Repairs	DAC23-2
33	Sampson CC–Gatehouse	DAC23-3
34	Gaston CC–Modular Medical Office	DAC23-4
35	Storage Buildings	DAC23-6
36		
37	Department of Public Safety	
38	State Highway Patrol–	
39	Viper Building	DPS21-6
40	Auditorium	DPS23-3
41	Training Academy Facilities Enhancement–Phases 3-6	DPS23-4
42	Training Center Cadet Dorm & Training Bldg.	DPS23-7
43	State Bureau of Investigation–	
44	Headquarters & Building 12 Renovation	DPS21-9
45	Logistics Building–Phase 1	DPS23-11
46	Juvenile Justice–	
47	Richmond YDC	DPS21-1
48	New Youth Detention Center	DPS23-1
49	Cabarrus YDC–Perimeter Fence Modifications	DPS23-5
50	Cabarrus–New Modular Office	DPS23-6
51	Emergency Management–	

1	Badin Logistics Support Center Shed	DPS23-8
2	Badin Warehouse Expansion	DPS23-9
3	Badin Lot Acquisition	DPS23-10
4	National Guard–	
5	NCNG Matching Fund	NG23-1
6	Ballentine Building/NCNG Museum	NG23-2
7	Constable Building	NG23-3
8	Rocky Mount Complex/MILCON	NG23-4
9	Special Forces Complex	NG23-5
10	Winston Salem Storage Buildings	NG23-6
11	Louisburg Readiness Center	NG23-9
12		
13	Department of Public Instruction	
14	Center for the Advancement of Teaching	DPI21-1
15		
16	Department of Insurance	
17	Office of State Fire Marshal–	
18	Land Development & Training Center	DOI21-1
19		
20	Department of Transportation	
21	North Carolina Global TransPark Authority–	
22	Aircraft Maintenance Repair & Overhaul Facility	TRAN23-1
23	DOT– New County Buildings	TRAN23-2
24	<u>Maintenance Yard Facilities</u>	<u>TRAN24-3</u>
25		
26	General Assembly	
27	Education Campus Project	NCGA21-3
28	Education Campus Parking Deck	NCGA23-1
29	Education Campus Demolition	NCGA23-2
30		
31	The University of North Carolina	
32	Appalachian State University–	
33	Peacock Hall/Business	UNC/ASU21-1
34	Hickory Campus	UNC/ASU22-1
35	Walker Hall–Interior Renovation	UNC/ASU23-1
36	University of North Carolina at Charlotte–	
37	Smith Hall–Comprehensive Renovation	UNC/CLT23-1
38	Colvard Hall–Comprehensive Renovation	UNC/CLT23-2
39	Esports	UNC/CLT23-3
40	Stadium Upgrades	UNC/CLT23-4
41	University of North Carolina at Chapel Hill–	
42	Business School	UNC/CH20-1
43	Nursing School Renovation	UNC/CH20-2
44	Gardner Hall–Comprehensive Renovation	UNC/CH23-1
45	Elizabeth City State University–	
46	Flight School	UNC/ECS21-4
47	Infrastructure Repairs–Phase 3	UNC/ECS23-1
48	Jenkins Hall/Dixon Hall–Labs/Classroom/Bldg. Renovation	UNC/ECS23-2
49	East Carolina University–	
50	Brody School of Medicine	UNC/ECU21-1
51	Howell Science Building North–Comprehensive Renovation	UNC/ECU23-1

1	Leo Jenkins Building/Health Sciences–Comprehensive Renovation	UNC/ECU23-2
2	Medical Examiner Office	UNC/ECU23-3
3	Regional Children's Behavioral Health Facility	UNC/ECU23-4
4	Dental School Planning	UNC/ECU23-5
5	Fayetteville State University–	
6	College of Education	UNC/FSU21-2
7	Butler Targeted Renovation	UNC/FSU23-1
8	H.L. Cook Building–Renovation & Addition	UNC/FSU23-2
9	North Carolina Agricultural & Technical State University–	
10	Marteena Hall–Renovation, Phase 2	UNC/A&T23-1
11	Health and Human Sciences Bldg.	UNC/A&T23-2
12	North Carolina Central University–	
13	Dent Building–Comprehensive Renovation	UNC/NCC23-1
14	Edmonds Classroom Building–Comprehensive Renovation	UNC/NCC23-2
15	University Theater Renovation	UNC/NCC23-3
16	North Carolina State University–	
17	S.T.E.M. Building	UNC/NCS20-1
18	Mann Hall–Renovation, Phase 2	UNC/NCS23-1
19	Dabney Hall–Renovation, Phase 2	UNC/NCS23-2
20	Polk Hall–Renovation, Phase 2	UNC/NCS23-3
21	Veterinary School–Large Animal Hospital	UNC/NCS23-4
22	Engineering Classroom Building	UNC/NCS23-5
23	Nuclear Study	UNC/NCS23-6
24	Business School	UNC/NCS23-7
25	North Carolina School of Science and Math–	
26	Morganton Campus	
27	Wellness Center	UNC/SSM23-1
28	Durham Campus	
29	Renovation of Residence Halls	UNC/SSM23-2
30	Academic Commons Addition	UNC/SSM23-4
31	University of North Carolina at Asheville–	
32	Lipinsky Hall–Comp. Modernization/Addition	UNC/AVL23-1
33	Sherrill Center	UNC/AVL23-2
34	Gateway Signage	UNC/AVL23-3
35	Repairs & Renovations	UNC/AVL23-4
36	University of North Carolina at Greensboro–	
37	Moore Building–Renovation	UNC/GBO23-1
38	University of North Carolina at Pembroke–	
39	Health Sciences Center	UNC/PEM21-1
40	Givens Performing Arts Center–Renovation	UNC/PEM23-1
41	University of North Carolina School of the Arts–	
42	Stevens Center–Renovation, Phase 2	UNC/SA23-1
43	New High School Residence Hall	UNC/SA23-2
44	University of North Carolina at Wilmington–	
45	Cameron Hall–Comprehensive Renovation/Expansion	UNC/WIL23-1
46	Kenan Auditorium–Comprehensive Renovation/Expansion	UNC/WIL23-2
47	DeLoach Hall–Modernization	UNC/WIL23-3
48	Health Education Bldg.	UNC/WIL23-4
49	Western Carolina University–	
50	Replacement Engineering Building	UNC/WCU23-1
51	Winston-Salem State University–	

1	K.R. Williams Auditorium	UNC/WSS21-1
2	Eller Hall–Renovation & Elevator Addition	UNC/WSS23-1
3	Pegram Hall–Renovation & Elevator Addition	UNC/WSS23-2
4	Campus Police Improvements	UNC/WSS23-3
5	UNC Board of Governors–	
6	UNC Lease Funds	UNC/BOG21-1
7	NC Care Health Clinics	UNC/BOG23-1
8	NC Care Hospital Investment	UNC/BOG23-2
9	Children's Hospital	UNC/BOG23-3
10	PBS North Carolina	UNC/PBS23-1

11		
12	Repairs and Renovations–The University of North Carolina	UNC/R&R21
13	Repairs and Renovations–State Agencies (non-UNC)	R&R21
14	SCIF-Related Personnel	PERS21
15	OSBM Flexibility Funds	FLEX21
16	Debt Payoff	DST23-1
17	Wildlife Resources Commission–Setzer Hatchery Revision	WRC23-1

18 **SECTION 40.1.(b)** This subsection authorizes the following capital projects in the
19 2023-2025 fiscal biennium based upon projected cash flow needs for the authorized projects. The
20 authorizations provided in this subsection represent the maximum amount of funding from the
21 State Capital and Infrastructure Fund that may be expended on each project and do not reflect
22 authorizations from other non-State Capital and Infrastructure Fund sources. An additional action
23 by the General Assembly is required to increase the maximum authorization for any of the
24 projects listed:

25 **Capital Improvements–**

26 State Capital and	Previous	New/Updated
27 Infrastructure Fund	Project Authorization	Project Authorization
28 DACS21-2	\$3,518,000	\$7,018,000
29 DACS21-4	4,000,000	8,100,000
30 DACS23-1	N/A	2,500,000
31 DACS23-2	N/A	200,000
32 DACS23-3	N/A	13,000,000
33 DACS23-4	N/A	1,750,000
34 DACS23-5	N/A	749,000
35 DACS23-6	N/A	750,000
36 DACS23-7	N/A	4,000,000
37 DACS23-8	N/A	5,000,000
38 DACS23-9	N/A	750,000
39 DACS23-10	N/A	6,200,000
40 DACS23-11	N/A	3,000,000
41 DACS23-12	N/A	4,000,000
42 DACS23-13	N/A	5,000,000
43 DACS23-14	N/A	12,000,000
44 DEQ21-1	55,000,000	68,300,000
45 DHHS23-1	N/A	1,352,000
46 DHHS23-2	N/A	5,983,000
47 DHHS23-3	N/A	5,405,000
48 DHHS23-4	N/A	20,000,000
49 DNCR21-5	15,000,000	45,000,000
50 DNCR21-13	60,000,000	180,000,000
51 DNCR23-1	N/A	60,000,000

1	DNCR23-2	N/A	15,000,000
2	DNCR23-4	N/A	620,000
3	DNCR23-5	N/A	10,000,000
4	DNCR23-6	N/A	5,500,000
5	DNCR23-7	N/A	16,721,240
6	DNCR23-8	N/A	4,000,000
7	DNCR23-12	N/A	3,000,000
8	DNCR23-13	N/A	2,500,000
9	DNCR23-14	N/A	2,000,000
10	DNCR23-15	N/A	5,000,000
11	DNCR23-16	N/A	2,800,000
12	DOA22-1	88,000,000	88,000,000
13	DOA22-3	15,000,000	60,000,000
14	DOA23-1	N/A	33,744,000
15	DOA23-2	N/A	4,500,000
16	DOA23-3	N/A	11,000,000
17	DOA23-4	N/A	15,000,000
18	DOA23-5	N/A	45,000,000
19	DOA23-6	N/A	5,000,000
20	<u>DOA24-7</u>	<u>N/A</u>	<u>102,172,000</u>
21	COMM23-1	N/A	250,000
22	DAC23-1	N/A	23,992,000
23	DAC23-2	N/A	2,960,212
24	DAC23-3	N/A	1,521,000
25	DAC23-4	N/A	1,078,000
26	DAC23-6	N/A	3,488,000
27	DPS21-1	10,702,952	14,702,952
28	DPS21-6	7,139,374	10,634,998
29	DPS23-1	N/A	40,450,000
30	DPS23-3	N/A	35,000,000
31	DPS23-4	N/A	194,000,000
32	DPS23-5	N/A	886,000
33	DPS23-6	N/A	690,000
34	DPS23-7	N/A	43,336,785
35	DPS23-8	N/A	527,000
36	DPS23-9	N/A	5,048,828
37	DPS23-10	N/A	4,198,414
38	DPS23-11	N/A	13,883,000
39	NG23-2	N/A	12,500,000
40	NG23-3	N/A	16,428,582
41	NG23-4	N/A	8,500,000
42	NG23-5	N/A	8,000,000
43	NG23-6	N/A	550,000
44	NG23-9	N/A	3,666,667
45	DPI21-1	23,416,952	30,416,952
46	DOI21-1	3,500,000	58,500,000
47	TRAN23-1	N/A	350,000,000
48	TRAN23-2	N/A	3,400,000
49	<u>TRAN24-3</u>	<u>N/A</u>	<u>40,000,000</u>
50	NCGA21-3	269,000,000	320,000,000
51	NCGA23-1	N/A	65,000,000

1	NCGA23-2	N/A	10,000,000
2	UNC/ASU21-1	25,000,000	40,000,000
3	UNC/ASU22-1	9,000,000	50,000,000
4	UNC/ASU23-1	N/A	18,000,000
5	UNC/CLT23-1	N/A	36,000,000
6	UNC/CLT23-2	N/A	45,000,000
7	UNC/CLT23-3	N/A	1,500,000
8	UNC/CLE23-4	N/A	25,000,000
9	UNC/CH20-1	75,000,000	89,250,000
10	UNC/CH20-2	65,200,000	87,900,000
11	UNC/CH23-1	N/A	25,000,000
12	UNC/ECS21-4	34,000,000	54,000,000
13	UNC/ECS23-1	N/A	20,000,000
14	UNC/ECS23-2	N/A	12,500,000
15	UNC/ECU21-1	215,000,000	265,000,000
16	UNC/ECU23-1	N/A	46,000,000
17	UNC/ECU23-2	N/A	18,900,000
18	UNC/ECU23-3	N/A	35,000,000
19	UNC/ECU23-4	N/A	50,000,000
20	UNC/ECU23-5	N/A	1,000,000
21	UNC/FSU23-1	N/A	20,750,000
22	UNC/FSU23-2	N/A	10,000,000
23	UNC/A&T23-1	N/A	9,700,000
24	UNC/A&T23-2	N/A	125,500,000
25	UNC/NCC23-1	N/A	12,073,798
26	UNC/NCC23-2	N/A	12,999,424
27	UNC/NCC23-3	N/A	8,500,000
28	UNC/NCS23-1	N/A	30,000,000
29	UNC/NCS23-2	N/A	80,000,000
30	UNC/NCS23-3	N/A	63,000,000
31	UNC/NCS23-4	N/A	120,000,000
32	UNC/NCS23-5	N/A	200,000,000
33	UNC/NCS23-6	N/A	3,000,000
34	UNC/NCS23-7	N/A	4,500,000
35	UNC/SSM23-1	N/A	12,000,000
36	UNC/SSM23-2	N/A	28,988,042
37	UNC/SSM23-4	N/A	10,000,000
38	UNC/AVL23-1	N/A	26,150,000
39	UNC/AVL23-2	N/A	5,000,000
40	UNC/AVL23-3	N/A	1,000,000
41	UNC/AVL23-4	N/A	4,000,000
42	UNC/GBO23-1	N/A	24,200,000
43	UNC/PEM23-1	N/A	61,000,000
44	UNC/SA23-1	N/A	51,000,000
45	UNC/SA23-2	N/A	24,500,000
46	UNC/WIL23-1	N/A	40,050,000
47	UNC/WIL23-2	N/A	21,600,000
48	UNC/WIL23-3	N/A	12,150,000
49	UNC/WIL23-4	N/A	8,000,000
50	UNC/WCU23-1	N/A	95,300,000
51	UNC/WSS23-1	N/A	10,800,000

1	UNC/WSS23-2	N/A	16,000,000
2	UNC/WSS23-3	N/A	4,000,000
3	UNC/BOG21-1	15,000,000	18,750,000
4	UNC/BOG23-1	N/A	210,000,000
5	UNC/BOG23-2	N/A	150,000,000
6	UNC/BOG23-3	N/A	319,746,392
7	UNC/PBS23-1	N/A	49,500,000
8	FLEX21	100,000,000	175,000,000
9	WRC/23-1	N/A	20,000,000
10	..."		
11			

SIX-YEAR INTENDED PROJECT ALLOCATION SCHEDULE

SECTION 40.4 Section 40.2 of S.L. 2023-134 reads as rewritten:

"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
UNC/R&R21	280,503	250,000	200,000	200,000	200,000	200,000
R&R21	200,000	200,000	200,000	200,000	200,000	200,000
DACS21-2	N/A	2,000	1,500	N/A	N/A	N/A
DACS21-4	750	1,850	1,500	N/A	N/A	N/A
DACS23-3	N/A	3,000	2,000	4,000	4,000	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
DNCR21-13	15,000	24,250	86,800	30,950	N/A	N/A
DNCR23-1	3,000	3,000	30,000	24,000	N/A	N/A
DNCR23-7	2,000	7,721.24	7,000	N/A	N/A	N/A
DOA22-1	N/A	N/A	8,800	22,000	35,200	22,000
DOA22-3	N/A	N/A	N/A	N/A	21,000	N/A
DOA23-1	500	N/A	N/A	N/A	1,000	20,244
DOA23-2	2,900	800	800	N/A	N/A	N/A
DOA23-3	N/A	N/A	N/A	N/A	N/A	11,000
DOA23-4	N/A	N/A	15,000	N/A	N/A	N/A
DOA23-5	2,000	3,000	40,000	N/A	N/A	N/A
<u>DOA24-7</u>	<u>N/A</u>	<u>12,000,000</u>	<u>45,086,000</u>	<u>45,086,000</u>	<u>N/A</u>	<u>N/A</u>
DOI21-1	5,500	13,750	22,000	13,750	N/A	N/A
DAC23-1	4,776.39	9,607.8	9,607.8	N/A	N/A	N/A
DAC23-6	N/A	449	2,439	600	N/A	N/A
DPS21-6	N/A	836.88	2,658.75	N/A	N/A	N/A

1	DPS21-9	3,268.05	30,000	19,793.24	N/A	N/A	N/A
2	DPS23-1	N/A	600	10,000	29,850	N/A	N/A
3	DPS23-3	N/A	4,400	8,500	13,600	8,500	N/A
4	DPS23-4	N/A	N/A	N/A	N/A	N/A	19,000
5	DPS23-7	2,000	4,333.68	10,834.2	17,334.71	8,834.2	N/A
6	DPS23-9	1,000	2,024.4	2,024.4	N/A	N/A	N/A
7	DPS23-11	2,028.5	5,927.25	5,927.25	N/A	N/A	N/A
8	NG23-1	4,000	6,000	6,000	N/A	N/A	N/A
9	NG23-2	1,500	6,000	5,000	N/A	N/A	N/A
10	NG23-4	N/A	2,000	6,500	N/A	N/A	N/A
11	NG23-5	N/A	N/A	800	4,000	3,200	N/A
12	NG23-9	N/A	666.7	3,000	N/A	N/A	N/A
13	TRAN23-1	50,000	125,000	125,000	50,000	N/A	N/A
14	<u>TRAN24-3</u>	<u>N/A</u>	<u>20,000,000</u>	<u>20,000,000</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
15	NCGA21-3	N/A	N/A	65,250	74,750	N/A	N/A
16	NCGA23-1	6,500	16,250	26,000	16,250	N/A	N/A
17	WRC23-1	8,000	6,000	6,000	N/A	N/A	N/A
18	UNC/ASU21-1	N/A	7,500	7,500	N/A	N/A	N/A
19	UNC/ASU22-1	N/A	4,100	12,300	14,350	10,250	N/A
20	UNC/ASU23-1	N/A	1,800	6,300	9,900	N/A	N/A
21	UNC/CLT23-1	N/A	3,600	N/A	12,600	19,800	N/A
22	UNC/CLT23-2	N/A	N/A	N/A	N/A	4,500	N/A
23	UNC/CH20-2	N/A	15,756.95	17,693.05	N/A	N/A	N/A
24	UNC/CH23-1	N/A	N/A	N/A	N/A	2,500	10,000
25	UNC/ECS21-4	N/A	30,827.27	9,172.73	N/A	N/A	N/A
26	UNC/ECS23-1	N/A	2,000	8,000	10,000	N/A	N/A
27	UNC/ECS23-2	N/A	N/A	N/A	N/A	1,250	N/A
28	UNC/ECU21-1	N/A	20,000	84,007.3	85,742.72	N/A	N/A
29	UNC/ECU23-1	N/A	4,600	13,800	16,100	11,500	N/A
30	UNC/ECU23-2	N/A	N/A	N/A	N/A	1,890	N/A
31	UNC/ECU23-3	8,750	17,500	8,750	N/A	N/A	N/A
32	UNC/FSU21-2	N/A	36,376.1	6,573.9	N/A	N/A	N/A
33	UNC/FSU23-1	N/A	N/A	N/A	N/A	2,075	N/A
34	UNC/FSU23-2	1,000	3,500	5,500	N/A	N/A	N/A
35	UNC/A&T23-1	970	3,395	5,335	N/A	N/A	N/A
36	UNC/A&T23-2	N/A	N/A	N/A	N/A	2,000	18,825
37	UNC/NCC23-1	1,207.4	N/A	4,829.5	6,036.9	N/A	N/A
38	UNC/NCC23-2	N/A	1,299.94	N/A	4,549.8	7,149.68	N/A
39	UNC/NCC23-3	N/A	850	N/A	2,975	4,675	N/A
40	UNC/NCS20-1	N/A	6,025.2	22,224.8	N/A	N/A	N/A
41	UNC/NCS23-1	N/A	3,000	27,000	N/A	N/A	N/A
42	UNC/NCS23-2	N/A	8,000	24,000	28,000	20,000	N/A
43	UNC/NCS23-3	N/A	6,300	18,900	22,050	15,750	N/A
44	UNC/NCS23-4	N/A	N/A	35,000	35,000	N/A	N/A
45	UNC/NCS23-5	N/A	N/A	N/A	20,000	60,000	60,000
46	UNC/SSM23-2	N/A	12,750	3,500	N/A	12,738.42	N/A
47	UNC/SSM23-4	N/A	N/A	N/A	N/A	1,000	N/A
48	UNC/AVL23-1	2,615	6,537.5	11,767.5	5,230	N/A	N/A
49	UNC/GBO23-1	N/A	2,420	N/A	8,470	13,310	N/A
50	UNC/PEM21-1	N/A	N/A	N/A	N/A	36,400	22,750
51	UNC/PEM23-1	N/A	6,100	24,400	30,500	N/A	N/A

1	UNC/SA23-1	5,100	12,750	22,950	10,200	N/A	N/A
2	UNC/SA23-2	N/A	N/A	N/A	N/A	2,450	8,575
3	UNC/WIL23-1	N/A	4,005	10,012.5	16,020	10,012.5	N/A
4	UNC/WIL23-2	N/A	2,160	5,400	8,640	5,400	N/A
5	UNC/WIL23-3	N/A	1,215	4,860	6,075	N/A	N/A
6	UNC/WCU23-1	N/A	2,000	N/A	9,530	33,355	50,415
7	UNC/WSS21-1	N/A	N/A	N/A	N/A	22,800	14,250
8	UNC/WSS23-1	N/A	800	1,080	N/A	3,780	5,140
9	UNC/WSS23-2	N/A	800	1,600	N/A	5,600	8,000
10	UNC/BOG21-1	3,750	3,750	3,750	3,750	N/A	N/A
11	UNC/BOG23-1	25,000	80,000	105,000	N/A	N/A	N/A
12	UNC/BOG23-3	143,864.4	72,382	103,500	N/A	N/A	N/A
13	UNC/PBS23-1	N/A	4,950	N/A	17,325	27,225	N/A"

NON-GENERAL FUND/NON-SCIF CAPITAL PROJECT AUTHORIZATIONS

SECTION 40.5 Section 40.4.(a) of S.L. 2023-134 reads as rewritten:

"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:

Amount of Non-General Fund/Non-SCIF**Name of Project****Funding Authorized****FY 2023-2024****FY 2024-2025**

Department of Natural and Cultural Resources

Electric Vehicle Fast Chargers	\$2,000,000	\$0
Brunswick Town State Historic Site– Historical Restorations	150,000	0
<u>Mary Ann Britain Education Center</u>	<u>0</u>	<u>2,200,000</u>
<u>Fort Fisher Aquarium Energy Efficiency System</u>	<u>0</u>	<u>2,000,000</u>
<u>Jennette's Pier Weather Station Upgrades</u>	<u>0</u>	<u>100,000</u>

Department of Agriculture and Consumer Services

Arena and Barn Replacement	1,900,000	0
ASC Lab Renovation	400,000	0
Grain Storage and Drying Improvements	370,000	0
Equipment Shelters Replacement	0	300,000
NCFS Facility and Infrastructure Improvements	1,000,000	0
PTFM Facility and Infrastructure Improvements	1,000,000	0
Raleigh FM Facility and Infrastructure Improvements	1,000,000	0
RS Infrastructure Repairs and Renovations	1,250,000	0
State Fair Gate 8 Restroom Renovation	1,500,000	0
State Fair Infrastructure Improvements	20,000,000	0
State Fair Lunch Facility Renovation	25,500,000	0
Vet Infrastructure Repairs and Renovations	250,000	0
WNCAGCTR Facility and Infrastructure Improvements	1,250,000	0
<u>State Fair Flower Show Building</u>	<u>0</u>	<u>2,250,000</u>
<u>Piedmont Aviary</u>	<u>0</u>	<u>2,000,000</u>
<u>Raleigh State Farmers Market Improvements</u>	<u>0</u>	<u>5,000,000</u>

Department of Public Safety

Alcoholic Beverage Control– Warehouse Precast Repair	275,000	0
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1	ABC New Campus–Advanced Planning	4,700,000	0
2	Department of Adult Correction		
3	Old Craggy Laundry Wastewater/Stormwater Repl.	742,000	0
4	Wildlife Resources Commission		
5	Land Acquisition	5,000,000	5,000,000
6	Game Land Improvements	2,000,000	0
7	Caswell Depot Expansion	2,460,000	0
8	Mills River Equipment Storage	355,000	0
9	Morganton Depot Equipment Storage	340,000	0
10	Rhems Depot Equipment Storage	415,000	0
11	Troy Depot Office/Shop & Storage	1,900,000	0
12	Shooting Range Office & Classroom Constr.	3,100,000	0
13	Mount Holly Depot	0	2,400,000
14	Marion Aquaculture Building	0	600,000
15	<u>Sykes Depot Greenhouse</u>	<u>0</u>	<u>60,000</u>
16	<u>D7 Storage Building</u>	<u>0</u>	<u>400,000</u>
17	<u>Caswell Shooting Range Expansion</u>	<u>0</u>	<u>3,850,000</u>
18	<u>Coastal Restoration & Resiliency</u>	<u>0</u>	<u>500,000</u>
19	<u>Washington Baum Bridge Public Fishing Access</u>	<u>0</u>	<u>875,000</u>
20	Department of Military & Veterans Affairs		
21	<u>Sandhills State Veterans Cemetery</u>	<u>0</u>	<u>2,307,236</u>
22	<u>Eastern Carolina State Veterans Cemetery</u>	<u>0</u>	<u>507,150</u>
23	<u>Coastal Carolina State Veterans Cemetery</u>	<u>0</u>	<u>771,750</u>
24	<u>Salisbury State Veterans Home</u>	<u>0</u>	<u>11,438,910</u>

**TOTAL AMOUNT OF NON-GENERAL
FUND/NON-SCIF CAPITAL PROJECTS
AUTHORIZED**

\$78,857,000
~~\$8,300,000~~ \$42,560,046

... "

PUBLIC SCHOOL BOND ACT 2024

SECTION 40.6.(a) Short Title. – This section may be cited as the "Public School Bond Act of 2024."

SECTION 40.6.(b) Purpose. – It is the intent of the General Assembly by this act to provide, subject to a vote of the qualified voters of the State, for the issuance of two billion five hundred million (\$2,500,000,000) providing funds, with any other available funds, to invest in the State's public school facilities, without limitation, for construction, repair, renovation, and furnishing of new facilities in order to ensure that the people of North Carolina have access to high quality educational facilities.

SECTION 40.6.(c) Findings – The General Assembly also finds:

- (1) There is a documented need of \$13 billion for the construction and renovation of Public School Facilities.
- (2) The State has prudently managed its finances.
- (3) The State has achieved the highest credit rating available by independent credit rating agencies.
- (4) The debt proposed by this Act is affordable and preferable to address the needs of the people of the State.
- (5) According to the Debt Affordability Advisory Committee, the State's General Fund has additional debt capacity of approximately \$8,500,000,000 in Fiscal Year 2024-25.

- 1 (6) With issuance of this bond, debt service would remain level at \$466,138,169
2 in Fiscal Year 2024-25 and decline in subsequent years.

3 **SECTION 40.6(d)** Definitions. – The following definitions apply in this section
4 unless the context otherwise requires:

- 5 (1) Bonds. – Bonds issued under this section.

- 6 (2) Cost. – The term includes all of the following:

- 7 a. The cost of constructing, reconstructing, renovating, repairing,
8 enlarging, acquiring, and improving State capital facilities, including
9 the acquisition of land, rights of way, easements, franchises,
10 equipment, machinery, furnishings, and other interests in real or
11 personal property acquired or used in connection with a State capital
12 facility.
13 b. The cost of engineering, architectural, and other consulting services as
14 may be required.
15 c. Administrative expenses and charges.
16 d. The cost of providing personnel to ensure effective project
17 management.
18 e. The cost of bond insurance, investment contracts, credit enhancement
19 and liquidity facilities, interest rate swap agreements or other
20 derivative products, financial and legal consultants, and related costs
21 of bond and note issuance, to the extent and as determined by the State
22 Treasurer.
23 f. Finance charges, reserves for debt service, and other types of reserves
24 required pursuant to the terms of any bond or note or related
25 documents, interest before and during construction or acquisition of a
26 State capital facility and, if considered advisable by the State
27 Treasurer, for a period not exceeding two years after the estimated date
28 of completion of construction or acquisition.
29 g. The cost of bond insurance, investment contracts, credit enhancement
30 facilities and liquidity facilities, interest rate swap agreements or other
31 derivative products, financial and legal consultants, and related costs
32 of the incurrence or issuance of any bond or note.
33 h. The cost of reimbursing the State for any payments made for any cost
34 described in this subdivision.
35 i. Any other costs and expenses necessary or incidental to the purposes
36 of this section.

- 37 (3) Credit facility. – An agreement entered into by the State Treasurer on behalf
38 of the State with a bank, savings and loan association, or other banking
39 institution, an insurance company, reinsurance company, surety company or
40 other insurance institution, a corporation, investment banking firm, or other
41 investment institution, or any financial institution or other similar provider of
42 a credit facility, which provider may be located within or without the United
43 States, such agreement providing for prompt payment of all or any part of the
44 principal or purchase price (whether at maturity, presentment or tender for
45 purchase, redemption, or acceleration), redemption premium, if any, and
46 interest on any bonds or notes payable on demand or tender by the owner, in
47 consideration of the State agreeing to repay the provider of the credit facility
48 in accordance with the terms and provisions of such agreement.

- 49 (4) Notes. – Notes issued under this section.

- (5) Par formula. – A provision or formula adopted by the State to provide for the adjustment, from time to time, of the interest rate or rates borne by any bonds or notes, including the following:
- a. A provision providing for such adjustment so that the purchase price of such bonds or notes in the open market would be as close to par as possible.
 - b. A provision providing for such adjustment based upon a percentage or percentages of a prime rate or base rate, which percentage or percentages may vary or be applied for different periods of time.
 - c. Such other provision as the State Treasurer may determine to be consistent with this act and will not materially and adversely affect the financial position of the State and the marketing of bonds or notes at a reasonable interest cost to the State.
- (6) State. – The State of North Carolina, including any State agency.
- (7) State agency. – Any agency, institution, board, commission, bureau, council, department, division, officer, or employee of the State. The term does not include counties, municipal corporations, political subdivisions, local boards of education, or other local public bodies.

SECTION 40.6.(e) Authorization of Bonds and Notes. – Subject to a favorable vote of a majority of the qualified voters of the State who vote on the question of issuing public improvement bonds in the election called and held as provided in this section, the State Treasurer is hereby authorized, by and with the consent of the Council of State, to issue and sell, at one time or from time to time, general obligation bonds of the State to be designated "State of North Carolina Public Improvement Bonds," with any additional designations as may be determined to indicate the issuance of bonds from time to time, or notes of the State as provided in this section, in an aggregate principal amount not exceeding two billion five hundred million dollars (\$2,500,000,000) for the purpose of providing funds, with any other available funds, for the purposes authorized in this section.

SECTION 40.6.(f) Pursuant to the provisions of part (e) of this section, no more than four hundred fifty million dollars (\$450,000,000) of bonds shall be issued in Fiscal Year 2024-25, and no more than five hundred million dollars (\$500,000,000) shall be issued in Fiscal Year 2025-26 to ensure that debt service does not increase above the cost incurred in Fiscal Year 2024-25.

SECTION 40.6.(g) Use of Public Improvement Bond and Note Proceeds. – (1) Subject to the provisions of subdivision (2) of this subsection, the proceeds of public improvement bonds and notes, including premium thereon, if any, shall be used for the projects in the following general amounts set forth below:

Public Instruction

Public Schools

Capital Assistance Program New Schools, Additions, Renovations	\$2,500,000,000
Total for Public Instruction	\$2,500,000,000

- (1b) Process for Allocating Funds from the Unforeseen Costs Reserve. – The Office of State Budget and Management (OSBM) shall set out the process for applying for funds from the Unforeseen Costs Reserve, together with the criteria for assessing such applications, in a Budget Memo. OSBM may allocate funds from the Unforeseen Costs Reserve only when it is satisfied that the conditions set out under these criteria have been met. Once agreed, funds may only be drawn down as needed, in line with project cashflow requirements.

(2) Special Allocation Provisions. – In determining the use of the proceeds of public improvement bonds and notes, including premium thereon, if any, set forth in subdivision (1) of this subsection, the following special allocation provisions apply:

a. The proceeds of public improvement bonds and notes, including premium thereon, if any, for public instruction for public schools capital assistance, as provided in subdivision (1) of this subsection, shall be allocated as follows:

1. Five hundred seventy-five million (\$575,000,00) of such proceeds shall be allocated equally to each local education agency (LEA). Each LEA shall receive a base payment of five million dollars (\$5,000,000).
2. One billion nine hundred twenty-five million (\$1,925,000,000) of such proceeds shall be allocated among local school administrative units on the basis of average daily membership for Fiscal Year 2023 where the numerator is average daily membership for the local administrative unit and the denominator is the total average daily membership for the state for FY 2023.
3. Any county receiving bond proceeds allocated shall provide local matching funds from county funds, other non-State funds, or a combination of these sources for such proceeds, unless they are a county designated as a development tier one area. The amount of matching funds shall be (i) one dollar (\$1.00) of local matching funds for every two dollars (\$2.00) of such proceeds for a local school administrative unit located in a county that is a development tier two area, as defined in G.S. 143B437.08, and (iii) one dollar (\$1.00) of local matching funds for every one dollar (\$1.00) of such proceeds for a local school administrative unit located in a county that is a development tier three area, as defined in G.S. 143B437.08. The match requirement may be satisfied by non-State expenditures for public school facilities made on or after January 1, 2021. If a debt has been incurred since January 1, 2021, for the general purpose of public school facilities, then the face amount of the debt shall be considered as a non-State expenditure for public school facilities for the purpose of the match. No other expenditures made or debts incurred before January 1, 2021, may be used to satisfy the match requirement. As counties satisfy the match requirements of this subsection, they shall document the extent to which they have done so in periodic reports to the State Board of Education. These reports shall include any information and documentation required by the State Board of Education. The State Board of Education shall certify to the State Treasurer from time to time the extent to which the match requirements of this subsection have been met with respect to each county. Bond proceeds shall be distributed for expenditure only as, and to the extent, the matching requirement of this section are satisfied, as certified by the State Board of Education. The State Board of Education shall also require counties to report annually on the impact of

funds provided under this act on the property tax rate for that year. These reports shall be public documents and shall be furnished to any citizen upon request. If the State Board of Education determines that a county has not met the matching requirement set forth in this subdivision by January 1, 2031, the State Board of Education shall certify that fact to the State Treasurer by March 1, 2031. The State Board of Education shall reallocate unmatched funds in the following manner:

- (i) Proceeds allocated under subdivision (1) shall be reallocated to local administrative units receiving funds under subdivision (1) for which the State Board of Education has certified matching funds.
 - (ii) Proceeds allocated under subdivision (2) shall be reallocated to local administrative units receiving funds under subdivision (2) for which the State Board of Education has certified matching funds.
4. A local school administrative unit that receives proceeds under this section shall ensure that such proceeds are used:
- (i) For acquisition of real property and construction, acquisition, reconstruction, enlargement, renovation, or replacement of buildings and other structures, and
 - (ii) To supplement local funds for public school capital outlay projects and shall not decrease local funds for those projects from one fiscal year to the next fiscal year, as measured by the most recent five year annual average capital outlay expenditure.

SECTION 40.6. (g) Allocation and Tracking of Proceeds. –

- (1) Public improvement bonds. – The proceeds of public improvement bonds and notes, including premium thereon, if any, except the proceeds of bonds the issuance of which has been anticipated by bond anticipation notes or the proceeds of refunding bonds or notes, shall be placed by the State Treasurer in a special fund to be designated "Public Improvement Bonds Fund," which may include such appropriate special accounts therein as may be determined by the State Treasurer and shall be disbursed as provided in this section. Monies in the Public Improvement Bonds Fund shall be allocated and expended as provided in this section.
Any additional monies that may be received by means of a grant or grants from the United States of America or any agency or department thereof or from any other source for deposit to the Public Improvement Bonds Fund may be placed in the Public Improvement Bonds Fund or in a separate account or fund and shall be disbursed, to the extent permitted by the terms of the grant or grants, without regard to any limitations imposed by this section.
Monies in the Public Improvement Bonds Fund or any separate account established under this section may be invested from time to time by the State Treasurer in the same manner permitted for investment of monies belonging to the State or held in the State treasury, except with respect to grant money to the extent otherwise directed by the terms of the grant. Investment earnings, except investment earnings with respect to grant monies to the extent otherwise directed or restricted by the terms of the grant, may be (i) credited to the Public Improvement Bonds Fund, (ii) used to pay debt service on the bonds authorized by this section, (iii) used to satisfy compliance with

applicable requirements of the federal tax law, or (iv) transferred to the General Fund of the State.

The proceeds of public improvement bonds and notes, including premium thereon, if any, may be used with any other monies made available by the General Assembly for funding the projects authorized by this section, including the proceeds of any other State bond issues, whether heretofore made available or that may be made available at the session of the General Assembly at which this section is ratified or any subsequent sessions. The proceeds of public improvement bonds and notes, including premium thereon, if any, shall be expended and disbursed under the direction and supervision of the Director of the Budget. The funds provided by this section shall be disbursed for the purposes provided in this section upon warrants drawn on the State Treasurer by the State Controller, which warrants shall not be drawn until requisition has been approved by the Director of the Budget and which requisition shall be approved only after full compliance with the State Budget Act, Chapter 143C of the General Statutes.

(2) Tracking of bond proceeds. – The State Treasurer or the State Treasurer's designee is hereby authorized and directed to set up a comprehensive system of tracking the proceeds of the public improvement bonds and notes, including premium thereon, if any, to the extent necessary to enable the State Treasurer or the State Treasurer's designee to properly account for the use of such proceeds for compliance with applicable requirements of the federal tax law or otherwise. All recipients of such proceeds shall comply with any tracking system implemented by the State Treasurer or the State Treasurer's designee for this purpose. The State Treasurer may withhold such proceeds from any State agency or department not complying with this subdivision.

(3) Costs. – Allocations to the costs of a capital improvement or undertaking in each case may include allocations to pay the costs set forth in subdivisions c. through g. of subdivision (2) of subsection (d) of this section in connection with the issuance of bonds for that capital improvement or undertaking.

SECTION 40.6. (h) Election. – The question of the issuance of the bonds authorized by this section shall be submitted to the qualified voters of the State at a Statewide election to be held November 5, 2024. Any other primary, election, or referendum validly called or scheduled by law at the time the election on the bond question provided for in this subsection is held may be held as called or scheduled. Notice of the election shall be given in the manner and at the times required by G.S. 16333(8). The election and the registration of voters therefore shall be held under and in accordance with the general laws of the State.

Ballots, voting systems authorized by Article 14A of Chapter 163 of the General Statutes, or both may be used in accordance with rules prescribed by the State Board of Elections. The bond question to be used in the ballots or voting systems shall be in substantially the following form:

"[] FOR [] AGAINST

Authorize the issuance of two billion five hundred million dollars (\$2,500,000,000) in public school bonds, plus interest, to pay the cost of constructing and renovating public school buildings, secured by a pledge of the faith and credit and taxing power of the State." If a majority of those voting on the bond question in the election vote in favor of the issuance of the bonds described in the question, those bonds may be issued as provided in this section. If a majority of those voting on a bond question in the election do not vote in favor of the issuance of the bonds described in the question, those bonds shall not be issued. The results of the election shall be canvassed and declared as provided by law for elections for State officers; the results of the

election shall be certified by the State Board of Elections to the Secretary of State in the manner and at the time provided by the general election laws of the State.

SECTION 40.6. (i) Issuance of Bonds and Notes. –

- (1) Terms and conditions. – Bonds or notes may bear a date or dates, may be serial or term bonds or notes, or any combination thereof, may mature in such amounts and at such time or times, not exceeding 40 years from their date or dates, may be payable at such place or places, either within or without the United States of America, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, may bear interest at such rate or rates, which may vary from time to time, and may be made redeemable before maturity, at the option of the State or otherwise as may be provided by the State, at such price or prices, including a price less than or greater than the face amount of the bonds or notes, and under such terms and conditions, all as may be determined by the State Treasurer, by and with the consent of the Council of State.
- (2) Signatures; form and denomination; registration. – Bonds or notes may be issued in certificated or uncertificated form. If issued in certificated form, bonds or notes shall be signed on behalf of the State by the Governor or shall bear the Governor's facsimile signature, shall be signed by the State Treasurer or shall bear the State Treasurer's facsimile signature, and shall bear the Great Seal of the State, or a facsimile of the Seal shall be impressed or imprinted thereon. If bonds or notes bear the facsimile signatures of the Governor and the State Treasurer, the bonds or notes shall also bear a manual signature which may be that of a bond registrar, trustee, paying agent, or designated assistant of the State Treasurer. Should any officer whose signature or facsimile signature appears on bonds or notes cease to be such officer before the delivery of the bonds or notes, the signature or facsimile signature shall nevertheless have the same validity for all purposes as if the officer had remained in office until delivery. Bonds or notes may bear the facsimile signatures of persons, who at the actual time of the execution of the bonds or notes shall be the proper officers to sign any bond or note, although at the date of the bond or note such persons may not have been such officers. The form and denomination of bonds or notes, including the provisions with respect to registration of the bonds or notes and any system for their registration, shall be as the State Treasurer may determine in conformity with this section.
- (3) Manner of sale; expenses. – Subject to the approval by the Council of State as to the manner in which bonds or notes shall be offered for sale, whether at public or private sale, whether within or without the United States, and whether by publishing notices in certain newspapers and financial journals, mailing notices, inviting bids by correspondence, negotiating contracts of purchase, or otherwise, the State Treasurer is authorized to sell bonds or notes at one time or from time to time at any rates of interest, which may vary from time to time, and at any prices, including a price less than or greater than the face amount of the bonds or notes, as the State Treasurer may determine. All expenses incurred in the preparation, sale, and issuance of bonds or notes shall be paid by the State Treasurer from the proceeds of bonds or notes or other available moneys.
- (4) Notes; repayment. –
 - a. By and with the consent of the Council of State, the State Treasurer is hereby authorized to borrow money and to execute and issue notes of

the State for the same, but only in the following circumstances and under the following conditions:

1. For anticipating the sale of bonds, the issuance of which the Council of State has approved, if the State Treasurer considers it advisable to postpone the issuance of the bonds;
 2. For the payment of interest on or any installment of principal of any bonds then outstanding, if there are not sufficient funds in the State treasury with which to pay the interest or installment of principal as they respectively become due;
 3. For the renewal of any loan evidenced by notes authorized in this section;
 4. For the purposes authorized in this section; and
 5. For refunding bonds or notes as authorized in this section.
- b. Funds derived from the sale of bonds or notes may be used in the payment of any bond anticipation notes issued under this section. Funds provided by the General Assembly for the payment of interest on or principal of bonds shall be used in paying the interest on or principal of any notes and any renewals thereof, the proceeds of which shall have been used in paying interest on or principal of the bonds.
- (5) Refunding bonds and notes. – By and with the consent of the Council of State, the State Treasurer is authorized to issue and sell refunding bonds and notes pursuant to the provisions of the State Refunding Bond Act for the purpose of refunding bonds or notes issued pursuant to this section. The refunding bonds and notes may be combined with any other issues of State bonds and notes similarly secured. Refunding bonds or notes may be issued at any time prior to the final maturity of the debt obligation to be refunded. The proceeds from the sale of any refunding bonds or notes shall be applied to the immediate payment and retirement of the bonds or notes being refunded or, if not required for the immediate payment of the bonds or notes being refunded, the proceeds shall be deposited in trust to provide for the payment and retirement of the bonds or notes being refunded and to pay any expenses incurred in connection with the refunding. Money in a trust fund may be invested in (i) direct obligations of the United States government, (ii) obligations the principal of and interest on which are guaranteed by the United States government, (iii) obligations of any agency or instrumentality of the United States government if the timely payment of principal and interest on the obligations is unconditionally guaranteed by the United States government, or (iv) certificates of deposit issued by a bank or trust company located in the State if the certificates are secured by a pledge of any of the obligations described in (i), (ii), or (iii) above having an aggregate market value, exclusive of accrued interest, equal at least to the principal amount of the certificates so secured. This section does not limit the duration of any deposit in trust for the retirement of bonds or notes being refunded but that have not matured and are not presently redeemable, or if presently redeemable, have not been called for redemption.
- (6) Tax exemption. – Bonds and notes shall at all times be free from taxation by the State or any political subdivision or any of their agencies, excepting estate, inheritance, or gift taxes, income taxes on the gain from the transfer of bonds or notes, and franchise taxes. The interest on bonds or notes is not subject to taxation as income.

(7) Investment eligibility. – Bonds and notes are securities in which all of the following may invest, including capital in their control or belonging to them: public officers, agencies, and public bodies of the State and its political subdivisions, all insurance companies, trust companies, investment companies, banks, savings banks, savings and loan associations, credit unions, pension or retirement funds, other financial institutions engaged in business in the State, executors, administrators, trustees, and other fiduciaries. Bonds and notes are hereby made securities which may properly and legally be deposited with and received by any officer or agency of the State or political subdivision of the State for any purpose for which the deposit of bonds, notes, or obligations of the State or any political subdivision is now or may hereafter be authorized by law.

(8) Faith and credit. – The faith and credit and taxing power of the State are hereby pledged for the payment of the principal of and the interest on bonds and notes. The State expressly reserves the right to amend any provision of this section to the extent it does not impair any contractual right of a bond owner.

(9) Other agreements. – The State Treasurer may authorize, execute, obtain, or otherwise provide for bond insurance, investment contracts, credit and liquidity facilities, interstate swap agreements and other derivative products, and any other related instruments and matters the State Treasurer determines are desirable in connection with issuance, incurrence, carrying, or securing of bonds or notes. The State Treasurer is authorized to employ and designate any financial consultants, underwriters, and bond attorneys to be associated with any bond or note issue under this section as the State Treasurer considers necessary.

SECTION 40.6.(j) Variable Rate Demand Bonds and Notes. – In fixing the details of bonds and notes, the State Treasurer may provide that any of the bonds or notes may:

- (1) Be made payable from time to time on demand or tender for purchase by the owner, if a credit facility supports the bonds or notes, unless the State Treasurer specifically determines that a credit facility is not required upon a finding and determination by the State Treasurer that the absence of a credit facility will not materially and adversely affect the financial position of the State and the marketing of the bonds or notes at a reasonable interest cost to the State;
- (2) Be additionally supported by a credit facility;
- (3) Be made subject to redemption or a mandatory tender for purchase prior to maturity;
- (4) Bear interest at a rate or rates that may vary for any period of time, as may be provided in the proceedings providing for the issuance of the bonds or notes, including, without limitation, such variations as may be permitted pursuant to a par formula; and
- (5) Be made the subject of a remarketing agreement whereby an attempt is made to remarket bonds or notes to new purchasers prior to their presentment for payment to the provider of the credit facility or to the State.

If the aggregate principal amount payable by the State under a credit facility is in excess of the aggregate principal amount of bonds or notes secured by the credit facility, whether as a result of the inclusion in the credit facility of a provision for the payment of interest for a limited period of time or the payment of a redemption premium or for any other reason, then the amount of authorized but unissued bonds or notes during the term of such credit facility shall not be less than the amount of such excess, unless the payment of such excess is otherwise provided for by agreement of the State executed by the State Treasurer.

SECTION 40.6.(k) Interpretation of Section. –

- (1) Additional method. – The foregoing subsections of this section shall be deemed to provide an additional and alternative method for the doing of the things authorized under it and shall be regarded as supplemental and additional to powers conferred by other laws and shall not be regarded as in derogation of any powers now existing.
- (2) Statutory references. – References in this section to specific sections or Chapters of the General Statutes or to specific acts are intended to be references to such sections, Chapters, or acts as they may be amended from time to time by the General Assembly.
- (3) Broad construction. – This section, being necessary for the health and welfare of the people of the State, shall be broadly construed to effect the purposes thereof.
- (4) Inconsistent provisions. – Insofar as the provisions of this section are inconsistent with the provisions of any general, special, or local laws, or parts thereof, the provisions of this section shall be controlling.
- (5) Severability. – If any provision of this section or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the section which can be given effect without the invalid provision or application, and to this end the provisions of this section are declared to be severable.

SECTION 40.6.(l) This section is effective when it becomes law.

CAPITAL PROJECT MANAGEMENT FLEXIBILITY

SECTION 40.7 G.S. 143C-4-3.1 reads as rewritten:

"§ 143C-4-3.1. State Capital and Infrastructure Fund.

(e) Use of Funds. – Monies in the Fund shall first be used to meet the debt service obligations supported by the General Fund. In addition to meeting the debt service obligations supported by the General Fund, monies in the Fund may be used for the following purposes:

- (1) New State and The University of North Carolina capital projects governed pursuant to Article 8 of Chapter 143C of the General Statutes.
- (2) Repair and renovation of existing capital assets, as provided in G.S. 143C-813.
- (3) Broadband infrastructure projects funded through appropriations to the Growing Rural Economies with Access to Technology Fund established in G.S. 143B-1373(b).
- (4) Projects and grants identified in the Current Operations Appropriations Act or that have been authorized and funded by an act of the General Assembly. With the exception of health facilities licensed under Chapter 131E or Chapter 122C of the General Statutes, grants intended for affordable housing or other residential purposes are not an allowable use of monies in the Fund.
- (5) Up to 5% of the funds allocated for projects authorized under subsections (1) and (2) of this section may be used by a State agency to provide time-limited support for construction management personnel."

PART XLI. TRANSPORTATION**CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS**

SECTION 41.1.(a) Subsections (b) and (c) of Section 4.1 of S.L. 2023-134 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	\$3,215 million
For Fiscal Year 2026-2027	\$3,229 million
For Fiscal Year 2027-2028	\$3,293 million
For Fiscal Year 2028-2029	\$3,448 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	\$2,315 million
For Fiscal Year 2026-2027	\$2,359 million
For Fiscal Year 2027-2028	\$2,426 million
For Fiscal Year 2028-2029	\$2,486 million

SECTION 41.1.(d) The Department of Transportation, in collaboration with the Office of State Budget and Management, shall develop a ten-year revenue forecast. The first fiscal year in the ten-year revenue forecast shall be the 2027-2028 fiscal year. The ten-year revenue forecast developed under this subsection shall be used (i) to develop the four-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.

FINANCIAL SUPPORT FOR BICYCLE AND PEDESTRIAN IMPROVEMENT PROJECTS

SECTION 41.2 G.S. 136-189.11(d)(3)(c) is repealed.

FY 2021-2022 AND FY 2022-2023 CORRECTION OF BUDGETING OF CASH TRANSACTIONS

SECTION 41.3.(a) Section 3.2 of S.L. 2021-180 reads as rewritten:

"SECTION 3.2. The Highway Fund availability used in developing the 2021 2023 fiscal biennial budget is shown below:

Highway Fund Availability	FY 2021-2022	FY 2022-2023
Actual Over Collections	249,824,965	
Partial Accounting of HTE Cash Advance Repayments <u>General Maintenance Reserve (GMR)</u>		
(176,577,495)		
Transfer of Funds to Emergency Reserve		
(G.S. 136-44.2E(b) and (d))	(61,000,000)	
Estimated Ferry Overdrafts	(7,971,879)	
Ferry Vessels – Salvo and Avon	(4,275,591)	
Beginning Balance	0	0
Motor Fuels Tax	1,672,500,000	1,641,700,000
Licenses and Fees	872,600,000	875,600,000
Highway Short-Term Lease	10,000,000	10,000,000
Investment Income	1,500,000	1,500,000
Adjustments to Availability		
Additional Highway Short-Term Lease	69,800,000	74,600,000
Total Highway Fund Availability	\$2,626,400,000	\$2,603,400,000"

SECTION 41.3.(b) Section 3.4 of S.L. 2021-180, as amended by Section 1.3 of S.L. 2021-189, reads as rewritten:

"SECTION 3.4. The Highway Trust Fund availability used in developing the 2021 2023 fiscal biennial budget is shown below:

Highway Trust Fund Availability	FY 20212022	FY 20222023
Actual Over Collections	326,587,369	
Partial Accounting of Cash Advance Repayments	176,577,495	
STI Projects	(503,164,864)	<u>(326,587,369)</u>
Beginning Balance	0	
Highway Use Tax	958,300,000	997,900,000
Motor Fuels Tax	418,000,000	546,300,000
Fees	173,700,000	182,100,000
Investment Income	2,000,000	2,000,000
Total Highway Trust Fund Availability	\$1,552,000,000	\$1,728,300,000"

SECTION 41.3.(c) Section 3.2 of S.L. 2022-74 reads as rewritten:

"SECTION 3.2. The Highway Fund availability for the 2022-2023 fiscal year in Section 3.2 of S.L. 2021-180 is repealed. The Highway Fund availability used in adjusting the 2022-2023 fiscal year budget is shown below:

Highway Fund Availability	FY 2022-2023
Projected Over Collections	\$107,700,000
Partial Accounting of HTF Cash Advance Repayments <u>General Maintenance Reserve</u>	
<u>(GMR)</u>	<u>(107,700,000)</u>
Beginning Balance	0
Motor Fuels Tax	1,776,100,000
Licenses and Fees	872,200,000
Sales Tax Transfer – 2%	193,100,000
Highway Short-Term Lease	95,300,000
Investment income	1,500,000
Total Highway Fund Availability	\$2,938,200,000"

SECTION 41.3.(d) Section 3.4 of S.L. 2022-74 reads as rewritten:

"SECTION 3.4. The Highway Trust Fund availability for the 2022-2023 fiscal year set out in Section 3.4 of S.L. 2021-180 is repealed. The Highway Trust Fund availability used in adjusting the 2022-2023 fiscal year budget is shown below:

Highway Trust Fund Availability	FY 2022-2023
Projected Over Collections	\$74,800,000
Partial Accounting of Cash Advance Repayments	107,700,000
STI Projects	(182,500,000) <u>(74,800,000)</u>
Beginning Balance	0
Highway Use Tax	1,086,000,000
Motor Fuels Tax	590,100,000
Fees	158,000,000
Investment Income	1,400,000
Total Highway Trust Fund	\$1,835,500,000"

PART XLII. FINANCE PROVISIONS

PERSONAL INCOME TAX RATE REDUCTION FAIRNESS

SECTION 42.1.(a) G.S. 105-153.7(a) reads as rewritten:

"§ 105-153.7. Individual income tax imposed.

(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. ~~Except as otherwise provided in subsection (a1) of this section,~~ 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	4.5% 4.5%.
In 2025	4.25%
After 2025	3.99%."

SECTION 42.1.(b) Subsection (a) of this section is effective for taxable years beginning on or after January 1, 2024, and before January 1, 2025.

SECTION 42.1.(c) G.S. 105-153.7.(a1) is repealed.

SECTION 42.1.(d) G.S. 105-153.7(a) reads as rewritten:

"§ 105-153.7. Individual income tax imposed.

(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~~ shall be computed at the following percentages of the taxpayer's North Carolina taxable ~~income computed as follows:~~ income:

Taxable Years Beginning	Tax
In 2022	4.99%
In 2023	4.75%
In 2024	4.5%

<u>Filing Status</u>	<u>Taxable Income</u>	<u>Tax Rate</u>
<u>Married, filing jointly</u>	Up to \$200,000	4.25%
	Over \$200,000	4.5%
<u>Head of Household</u>	Up to \$150,000	4.25%
	Over \$150,000	4.5%
<u>Single</u>	Up to \$100,000	4.25%
	Over \$100,000	4.5%
<u>Married, filing separately</u>	Up to \$100,000	4.25%
	Over \$100,000	4.5%."

SECTION 42.1.(e) Subsection (d) of this section is effective for taxable years beginning on or after January 1, 2025, and before January 1, 2026.

SECTION 42.1.(f) G.S. 105-153.7(a) reads as rewritten:

"§ 105-153.7. Individual income tax imposed.

(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 shall be computed at the following percentages of the taxpayer's North Carolina taxable income:

Filing Status	Taxable Income	Tax Rate
Married, filing jointly	Up to \$200,000	4.25% 3.99%
	Over \$200,000	4.5%
Head of Household	Up to \$150,000	4.25% 3.99%
	Over \$150,000	4.5%
Single	Up to \$100,000	4.25% 3.99%
	Over \$100,000	4.5%
Married, filing separately	Up to \$100,000	4.25% 3.99%

Over \$100,000 4.5%."

SECTION 42.1.(g) Subsection (f) of this section is effective for taxable years beginning on or after January 1, 2026.

SECTION 42.1.(h) G.S. 105-131A(b) reads as rewritten:

"(b) Taxable Income of Taxed S Corporation. – A tax is imposed for the taxable period on the North Carolina taxable income of a taxed S Corporation. The tax shall be levied, collected, and paid annually. The tax is imposed on the North Carolina taxable income at the ~~rate~~rates levied in ~~G.S. 105-153.7~~G.S. 105-153.7, as applied to single filers. The North Carolina taxable income of a taxed S Corporation is determined as follows:

- (1) The North Carolina taxable income of a taxed S Corporation with respect to such taxable period shall be equal to the sum of the following:
 - a. Each shareholder's pro rata share of the taxed S Corporation's income or loss, subject to the adjustments provided in G.S. 105-153.5 and G.S. 105-153.6, attributable to the State.
- (2) Separately stated items of deduction are not included when calculating each shareholder's pro rata share of the taxed S Corporation's taxable income. For purposes of this subdivision, separately stated items are those items described in section 1366 of the Code and the regulations under it.
- (3) The adjustments required by G.S. 105-153.5(c3) are not included in the calculation of the taxed S Corporation's taxable income."

SECTION 42.1.(i) G.S. 105-154.1(b) reads as rewritten:

"(b) Taxable Income of Taxed Partnership. – A tax is imposed for the taxable period on the North Carolina taxable income of a taxed partnership. The tax shall be levied, collected, and paid annually. The tax is imposed on the North Carolina taxable income at the ~~rate~~rates levied in ~~G.S. 105-153.7~~G.S. 105-153.7, as applied to single filers. The North Carolina taxable income of a taxed partnership is determined as follows:

- (1) The North Carolina taxable income of a taxed partnership with respect to such taxable period shall be equal to the sum of the following for partners defined under G.S. 105-154.1(a)(1) through G.S. 105-154.1(a)(4):
 - a. Each partner's distributive share of the taxed partnership's income or loss, subject to the adjustments provided in G.S. 105-153.5 and G.S. 105-153.6, attributable to the State.
- (2) Separately stated items of deduction are not included when calculating each partner's distributive share of the taxed partnership's taxable income. For purposes of this subdivision, separately stated items are those items described in section 702 of the Code and the regulations adopted under it.
- (3) The adjustments required by G.S. 105-153.5(c3) are not included in the calculation of the taxed partnership's taxable income."

SECTION 42.1.(j) Subsections (h) and (i) of this section are effective for taxable years beginning on or after January 1, 2025.

REENACT MODIFIED CHILD AND DEPENDENT CARE TAX CREDIT

SECTION 42.2.(a) G.S. 105-151.11 is reenacted as it existed immediately before its expiration, is recodified as G.S. 105-153.11, and reads as rewritten:

"§ 105-151.11. Credit for child care and certain employment-related expenses.

(a) Credit. – A person who is allowed a credit against federal income tax for a percentage of employment-related expenses under section 21 of the Code shall be allowed as a credit against the tax imposed by this Part an amount equal to ~~the applicable percentage~~50% of the amount of the credit provided for in Section 21 of the ~~Code~~Code, except as reduced by the percentage reduction in subsection (c), which is claimed and allowed pursuant to the Internal Revenue Code.

To claim the credit allowed by this section, the taxpayer must provide with the tax return the information required by the Secretary of Revenue.

~~(a1) Applicable Percentage. — For employment-related expenses that are incurred only with respect to one or more dependents who are seven years old or older and are not physically or mentally incapable of caring for themselves, the applicable percentage is the appropriate percentage in the column labeled "Percentage A" in the table below, based on the taxpayer's adjusted gross income determined under the Code. For employment-related expenses with respect to any other qualifying individual, the applicable percentage is the appropriate percentage in the column labeled "Percentage B" in the table below, based on the taxpayer's adjusted gross income determined under the Code.~~

Filing Status	Adjusted Gross Income	Percentage A	Percentage B
Head of Household	Up to \$20,000	9%	13%
	Over \$20,000		
	up to \$32,000	8%	11.5%
	Over \$32,000	7%	10%
Surviving Spouse or Joint Return	Up to \$25,000	9%	13%
	Over \$25,000		
	up to \$40,000	8%	11.5%
	Over \$40,000	7%	10%
Single	Up to \$15,000	9%	13%
	Over \$15,000		
	up to \$24,000	8%	11.5%
	Over \$24,000	7%	10%
Married Filing Separately	Up to \$12,500	9%	13%
	Over \$12,500		
	up to \$20,000	8%	11.5%
	Over \$20,000	7%	10%

(b) Employment Related Expenses. – The amount of employment-related expenses for which a credit may be claimed may not exceed three thousand dollars (\$3,000) if the taxpayer's household includes one qualifying individual, as defined in section 21(b)(1) of the Code, and may not exceed six thousand dollars (\$6,000) if the taxpayer's household includes more than one qualifying individual. The amount of employment-related expenses for which a credit may be claimed is reduced by the amount of employer-provided dependent care assistance excluded from gross income.

(c) Phaseout. – The credit allowed by this section shall be reduced by a percentage listed below, rounded to the nearest percentage point, based on the taxpayer's adjusted gross income as calculated under the Code:

<u>Filing Status</u>	<u>For AGI Exceeding</u>	<u>Percentage Reduction</u>
<u>Married, filing jointly</u>	<u>\$150,000</u>	<u>The lesser of 100% or</u> <u>[(Taxpayer's AGI – \$150,000) / \$50,000]</u>
<u>Head of Household</u>	<u>\$112,500</u>	<u>The lesser of 100% or</u> <u>[(Taxpayer's AGI – \$112,500) / \$37,500]</u>
<u>Single or Married,</u>		<u>The lesser of 100% or</u>
<u>Filing Separately</u>	<u>\$75,000</u>	<u>[(Taxpayer's AGI – \$75,000) / \$25,000]</u>

~~(e)(d)~~ Limitations. – 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. 105-134.5(b) or (c),~~ G.S. 105-153.4(b) or (c), as appropriate. No credit shall be allowed under this section for amounts deducted in calculating North Carolina taxable income. ~~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 allowable, except for payments of tax made by or on behalf of the taxpayer.~~

(e) Credit Refundable. – If the credit allowed by this section exceeds the amount of 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 42.2.(b) Subsection (a) of this section becomes effective for taxable years beginning on or after January 1, 2024.

MAINTAIN COMPETITIVE CORPORATE INCOME TAX RATE

SECTION 42.3 Section 42.2 of S.L. 2021-180 is repealed.

USE SALES TAX REVENUES FOR TRANSPORTATION NEEDS

SECTION 42.4 G.S. 105-164.44M reads as rewritten:

"...

(b) Transportation Needs. – At the end of each ~~quarter,~~month, the Secretary must transfer to the Funds listed below a percentage of the net proceeds of the tax collected under this Article at the State's general rate of tax set in G.S. 105-164.4(a). The percentages that must be transferred are as follows:

<u>Fiscal Year</u>	<u>Percentage to Highway Fund</u>	<u>Percentage to Highway Trust Fund</u>
<u>2022-23</u>	<u>2%</u>	<u>0%</u>
<u>2023-24 and thereafter</u>	<u>1%</u>	<u>3%3%."</u>
<u>2024-25 and thereafter</u>	<u>1.5%</u>	<u>4.5%.</u>

REENACT MODIFIED CONSERVATION TAX CREDIT

SECTION 42.5.(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~~ Environment 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 42.5.(b) G.S. 105-151.12 is reenacted as it existed immediately before its expiration, is recodified as G.S. 105-153.12, and reads as rewritten:

"§ 105-153.12. 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 42.5.(c) This section is effective for taxable years beginning on or after January 1, 2025.

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 Joint Conference Committee Report on the Current Operations Appropriations Act of 2024, dated June 30, 2024, which was distributed in the House of Representatives and the Senate 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 2024-2025 fiscal year 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).

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

SECTION 43.3. The Fiscal Research Division shall issue a report on budget actions taken by the 2023 Regular Session of the General Assembly in 2025. 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 2024-2025 FISCAL YEAR

SECTION 43.5. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2024-2025 fiscal year, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2024-2025 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 is effective July 1, 2024.