

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023**

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**HOUSE BILL 263
Committee Substitute Favorable 6/18/24**

Short Title: 2024 Appropriations Act.

(Public)

Sponsors:

Referred to:

March 6, 2023

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Appropriations from the General Fund for the 2024-2025 fiscal year set out in Section 2.1(a) of S.L. 2023-134 are repealed.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
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EDUCATION

Community College System

Requirements	2,041,421,512
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Less: Receipts	411,143,141
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Net Appropriation	1,630,278,371
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Public Instruction

Requirements	13,948,392,337
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1	Less: Receipts	1,860,372,708
2	Net Appropriation	12,088,019,629
3		
4	University of North Carolina	
5	NC A&T University	
6	Requirements	241,838,043
7	Less: Receipts	90,618,145
8	Net Appropriation	151,219,898
9		
10	NC School of Science and Mathematics	
11	Requirements	45,831,072
12	Less: Receipts	3,791,677
13	Net Appropriation	42,039,395
14		
15	NC State University – Academic Affairs	
16	Requirements	955,634,072
17	Less: Receipts	439,317,357
18	Net Appropriation	516,316,715
19		
20	NC State University – Ag. Research	
21	Requirements	79,228,032
22	Less: Receipts	19,124,784
23	Net Appropriation	60,103,248
24		
25	NC State University – Coop. Extension	
26	Requirements	64,983,558
27	Less: Receipts	18,874,550
28	Net Appropriation	46,109,008
29		
30	North Carolina Central University	
31	Requirements	145,479,077
32	Less: Receipts	53,855,844
33	Net Appropriation	91,623,233
34		
35	UNC at Asheville	
36	Requirements	76,811,113
37	Less: Receipts	23,886,242
38	Net Appropriation	52,924,871
39		
40	UNC at Chapel Hill – Academic Affairs	
41	Requirements	734,263,122
42	Less: Receipts	377,889,533
43	Net Appropriation	356,373,589
44		
45	UNC at Chapel Hill – Area Health Ed.	
46	Requirements	56,271,874
47	Less: Receipts	0
48	Net Appropriation	56,271,874
49		
50	UNC at Chapel Hill – Health Affairs	
51	Requirements	370,568,724

1	Less: Receipts	138,758,876
2	Net Appropriation	231,809,848
3		
4	UNC at Charlotte	
5	Requirements	505,032,624
6	Less: Receipts	198,092,793
7	Net Appropriation	306,939,831
8		
9	UNC at Greensboro	
10	Requirements	315,735,257
11	Less: Receipts	118,202,973
12	Net Appropriation	197,532,284
13		
14	UNC at Pembroke	
15	Requirements	126,354,011
16	Less: Receipts	28,172,155
17	Net Appropriation	98,181,856
18		
19	UNC at Wilmington	
20	Requirements	315,641,547
21	Less: Receipts	116,694,281
22	Net Appropriation	198,947,266
23		
24	UNC BOG – Aid to Private Institutions	
25	Requirements	1,709,300
26	Less: Receipts	0
27	Net Appropriation	1,709,300
28		
29	UNC BOG – Institutional Programs	
30	Requirements	508,293,853
31	Less: Receipts	60,920,608
32	Net Appropriation	447,373,245
33		
34	UNC BOG – Related Ed. Programs	
35	Requirements	1,291,540,818
36	Less: Receipts	308,938,183
37	Net Appropriation	982,602,635
38		
39	UNC School of the Arts	
40	Requirements	56,488,236
41	Less: Receipts	17,148,612
42	Net Appropriation	39,339,624
43		
44	UNC System Office	
45	Requirements	47,640,384
46	Less: Receipts	259,217
47	Net Appropriation	47,381,167
48		
49	Western Carolina University	
50	Requirements	187,579,946
51	Less: Receipts	31,517,260

1	Net Appropriation	156,062,686
2		
3	Winston-Salem State University	
4	Requirements	93,955,473
5	Less: Receipts	24,445,103
6	Net Appropriation	69,510,370
7		
8	Appalachian State University	
9	Requirements	316,188,983
10	Less: Receipts	127,280,171
11	Net Appropriation	188,908,812
12		
13	East Carolina Univ. – Academic Affairs	
14	Requirements	434,732,843
15	Less: Receipts	170,125,795
16	Net Appropriation	264,607,048
17		
18	East Carolina Univ. – Health Affairs	
19	Requirements	114,341,160
20	Less: Receipts	13,587,770
21	Net Appropriation	100,753,390
22		
23	Elizabeth City State University	
24	Requirements	51,830,539
25	Less: Receipts	5,670,169
26	Net Appropriation	46,160,370
27		
28	Fayetteville State University	
29	Requirements	92,656,751
30	Less: Receipts	13,945,205
31	Net Appropriation	78,711,546
32		
33	HEALTH AND HUMAN SERVICES	
34	Aging and Adult Services	
35	Requirements	165,186,312
36	Less: Receipts	110,494,543
37	Net Appropriation	54,691,769
38		
39	Central Management and Support	
40	Requirements	517,866,810
41	Less: Receipts	291,209,868
42	Net Appropriation	226,656,942
43		
44	Child and Family Well-Being	
45	Requirements	599,259,277
46	Less: Receipts	538,484,569
47	Net Appropriation	60,774,708
48		
49	Child Development and Early Education	
50	Requirements	1,072,880,763
51	Less: Receipts	773,959,346

1	Net Appropriation	298,921,417
2		
3	Emp. & Indep. for People with Disabilities	
4	Requirements	188,177,520
5	Less: Receipts	143,833,389
6	Net Appropriation	44,344,131
7		
8	Health Benefits	
9	Requirements	32,354,486,198
10	Less: Receipts	26,552,698,977
11	Net Appropriation	5,801,787,221
12		
13	Health Services Regulation	
14	Requirements	82,772,672
15	Less: Receipts	56,847,481
16	Net Appropriation	25,925,191
17		
18	Mental Hlth./Dev. Disabl./Subs. Use Serv.	
19	Requirements	1,962,556,938
20	Less: Receipts	1,105,724,523
21	Net Appropriation	856,832,415
22		
23	Public Health	
24	Requirements	510,430,526
25	Less: Receipts	369,058,932
26	Net Appropriation	141,371,594
27		
28	Services for the Blind/Deaf/Hard of Hearing	
29	Requirements	45,663,407
30	Less: Receipts	36,130,573
31	Net Appropriation	9,532,834
32		
33	Social Services	
34	Requirements	2,201,775,740
35	Less: Receipts	1,968,444,916
36	Net Appropriation	233,330,824
37		
38	AGRICULTURE, NATURAL, AND ECONOMIC RESOURCES	
39	Agriculture and Consumer Services	
40	Requirements	277,760,393
41	Less: Receipts	92,338,831
42	Net Appropriation	185,421,562
43		
44	Commerce	
45	Requirements	698,333,678
46	Less: Receipts	494,223,122
47	Net Appropriation	204,110,556
48		
49	Environmental Quality	
50	Requirements	1,188,450,599
51	Less: Receipts	190,089,646

1	Net Appropriation	998,360,953
2		
3	Labor	
4	Requirements	44,778,761
5	Less: Receipts	18,211,608
6	Net Appropriation	26,567,153
7		
8	Natural and Cultural Resources	
9	Requirements	349,419,353
10	Less: Receipts	55,450,747
11	Net Appropriation	293,968,606
12		
13	Wildlife Resources Commission	
14	Requirements	98,784,029
15	Less: Receipts	81,917,250
16	Net Appropriation	16,866,779
17		
18	JUSTICE AND PUBLIC SAFETY	
19	Administrative Office of the Courts	
20	Requirements	800,367,351
21	Less: Receipts	5,721,889
22	Net Appropriation	794,645,462
23		
24	Correction	
25	Requirements	2,076,388,295
26	Less: Receipts	34,807,745
27	Net Appropriation	2,041,580,550
28		
29	Indigent Defense Services	
30	Requirements	187,012,376
31	Less: Receipts	14,428,756
32	Net Appropriation	172,583,620
33		
34	Justice	
35	Requirements	113,674,691
36	Less: Receipts	45,398,277
37	Net Appropriation	68,276,414
38		
39	Public Safety	
40	Requirements	866,070,683
41	Less: Receipts	201,107,096
42	Net Appropriation	664,963,587
43		
44	State Bureau of Investigation	
45	Requirements	146,692,925
46	Less: Receipts	23,496,402
47	Net Appropriation	123,196,523
48		
49	GENERAL GOVERNMENT	
50	Administration	
51	Requirements	81,257,239

1	Less: Receipts	12,775,751
2	Net Appropriation	68,481,488
3		
4	Administrative Hearings	
5	Requirements	9,944,325
6	Less: Receipts	1,245,283
7	Net Appropriation	8,699,042
8		
9	Auditor	
10	Requirements	26,390,841
11	Less: Receipts	6,969,150
12	Net Appropriation	19,421,691
13		
14	Budget and Management	
15	Requirements	14,945,527
16	Less: Receipts	1,827,254
17	Net Appropriation	13,118,273
18		
19	Budget and Management – Special Approp.	
20	Requirements	57,275,000
21	Less: Receipts	46,725,000
22	Net Appropriation	10,550,000
23		
24	Controller	
25	Requirements	37,174,846
26	Less: Receipts	983,386
27	Net Appropriation	36,191,460
28		
29	Elections	
30	Requirements	9,961,793
31	Less: Receipts	134,035
32	Net Appropriation	9,827,758
33		
34	General Assembly	
35	Requirements	101,208,542
36	Less: Receipts	899,760
37	Net Appropriation	100,308,782
38		
39	Governor	
40	Requirements	7,847,965
41	Less: Receipts	1,024,999
42	Net Appropriation	6,822,966
43		
44	Housing Finance Authority	
45	Requirements	114,254,433
46	Less: Receipts	103,594,433
47	Net Appropriation	10,660,000
48		
49	Human Resources	
50	Requirements	12,386,199
51	Less: Receipts	887,646

1	Net Appropriation	11,498,553
2		
3	Industrial Commission	
4	Requirements	24,516,649
5	Less: Receipts	20,739,136
6	Net Appropriation	3,777,513
7		
8	Insurance	
9	Requirements	64,285,767
10	Less: Receipts	5,337,721
11	Net Appropriation	58,948,046
12		
13	Lieutenant Governor	
14	Requirements	1,360,188
15	Less: Receipts	5,324
16	Net Appropriation	1,354,864
17		
18	Military and Veterans Affairs	
19	Requirements	10,235,329
20	Less: Receipts	29,655
21	Net Appropriation	10,205,674
22		
23	Revenue	
24	Requirements	191,769,860
25	Less: Receipts	69,052,270
26	Net Appropriation	122,717,590
27		
28	Secretary of State	
29	Requirements	22,472,805
30	Less: Receipts	399,736
31	Net Appropriation	22,073,069
32		
33	Treasurer	
34	Requirements	80,760,242
35	Less: Receipts	80,551,168
36	Net Appropriation	209,074
37		
38	Treasurer – Other Retirement Plans/Benefits	
39	Requirements	24,050,988
40	Less: Receipts	0
41	Net Appropriation	24,050,988
42		
43	INFORMATION TECHNOLOGY	
44	Information Technology	
45	Requirements	137,887,894
46	Less: Receipts	56,163,292
47	Net Appropriation	81,724,602
48		
49	RESERVES AND LOTTERY	
50	General Fund Reserve – Reverting Funds	
51	Requirements	0

1	Less: Receipts	0
2	Net Appropriation	0
3		
4	General Fund Reserves	
5	Requirements	1,700,000
6	Less: Receipts	800,000,000
7	Net Appropriation	-798,300,000
8		
9	Total Requirements	70,800,919,990
10	Less: Total Receipts	39,086,056,637
11	Total Net Appropriation	31,714,863,353

12

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

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

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

16

17 **GENERAL FUND AVAILABILITY**

18 **SECTION 2.2.(a)** The General Fund availability statement set out in Section 2.2(a)

19 of S.L. 2023-134 applies to the 2023-2024 fiscal year only. The General Fund availability used

20 in adjusting the 2024-2025 budget is shown below:

21

22		FY 2024-2025
23	Unappropriated Balance Remaining FY 2023-24	1,564,437,931
24	Anticipated Reversions	500,000,000
25	FY 2023-24 Anticipated Overcollections	188,138,702
26	Total, Prior Year-End Fund Balance	2,252,576,633
27		
28	Revised Consensus Revenue Forecast	
29	Tax Revenue	32,574,000,000
30	Non-Tax Revenue	1,590,300,000
31	Total, Tax and Non-Tax Revenue	34,164,300,000
32		
33	Revenue Adjustments	
34	Adjustments to Tax Revenue	(2,500,000)
35	Adjustments to Non-Tax Revenue	4,953,408
36	Total, Revenue Adjustments	2,453,408
37		
38	Statutory Reservations of Revenue	
39	State Capital and Infrastructure Fund	(1,461,333,238)
40	Total, Statutory Reserves	(1,461,333,238)
41		
42	Discretionary Reservations of Revenue	
43	State Capital and Infrastructure Fund	(700,000,000)
44	Savings Reserve	(125,000,000)
45	Clean Water and Drinking Water Reserve	(1,000,000,000)
46	Regional Economic Development Reserve	(550,000,000)
47	Economic Development Project Reserve	(155,100,000)
48	Medicaid Contingency Reserve	(100,000,000)
49	State Emergency Response and Disaster Relief Fund	(75,000,000)
50	Housing Reserve	(10,000,000)
51	Transportation Reserve	(100,000,000)

1	NCInnovation Reserve	(250,000,000)
2	Retiree Supplement Reserve	(79,804,523)
3	Total, Discretionary Reserves	(3,144,904,523)
4		
5	Revised Total General Fund Availability	31,813,092,280
6		
7	Less General Fund Net Appropriations	31,714,863,353
8		
9	Unappropriated Balance Remaining	98,228,927

10
11 **SECTION 2.2.(c)** Section 2.2(c) of S.L. 2023-134 reads as rewritten:

12 "SECTION 2.2.(c) Medicaid Contingency Reserve. – The State Controller shall reserve to
13 the Medicaid Contingency Reserve described in G.S. 143C-4-11 from funds available in the
14 General Fund the sum of four hundred million dollars (\$400,000,000) in nonrecurring funds for
15 the 2023-2024 fiscal year and the sum of ~~two hundred fifty million dollars (\$250,000,000)~~ one
16 hundred million dollars (\$100,000,000) in nonrecurring funds for the 2024-2025 fiscal year."

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

18 "SECTION 2.2.(d) IT Reserve. – The State Controller shall reserve to the Information
19 Technology Reserve established in Section 2.2(h) of S.L. 2021-180 from funds available in the
20 General Fund the sum of four hundred fifty million dollars (\$450,000,000) in nonrecurring funds
21 for the 2023-2024 fiscal year. The State Controller shall transfer funds available in the
22 Information Technology Reserve to State agencies and departments for information technology
23 projects in accordance with the following schedule, and the funds transferred are appropriated
24 for the fiscal year in which they are transferred:

25	State Agency or Department	2023-2024	2024-2025
26			
27			
28	(1) Department of Information Technology		
29	(Budget Code: 14660)	\$43,546,653	~~\$14,806,653~~
30			<u>\$39,395,653</u>
31	(2) Department of Environmental Quality		
32	(Budget Code: 14300)	7,500,000	2,500,000
33	(3) Department of Environmental Quality-Spec. Rev.		
34	(Budget Code: 24317)	5,510,000	5,510,000
35	(4) General Assembly		
36	(Budget Code: 21000)	15,000,000	0
37	(5) Department of Public Safety		
38	(Budget Code: 14550)	3,000,000	0
39	(6) Department of Health and Human Services		
40	(Budget Code: 14440)	8,180,000	680,000
41	(7) Department of Health and Human Services		
42	(Budget Code: 14410)	14,177,000	0
43	(8) University of North Carolina – BOG Instit. Pgms.		
44	(Budget Code: 16011)	3,250,000	0
45	(9) University of North Carolina – BOG Related Ed. Pgms.		
46	(Budget Code: 16012)	22,622,000	25,518,000
47	(10) State Board of Elections		
48	(Budget Code: 18025)	5,600,000	0
49	(11) Office of State Human Resources		
50	(Budget Code: 14111)	5,600,000	<u>0750,000</u>
51	(12) NC Community College System		

1	(Budget Code: 26802)	0	15,000,000
2			32,983,156
3	<u>(12a) NC Community College System</u>		
4	<u>(Budget Code: 16800)</u>	<u>0</u>	<u>1,500,000</u>
5	(13) State Capital and Infrastructure Fund		
6	(Budget Code: 24001)	8,000,000	0
7	(14) Revenue		
8	(Budget Code: 14700)	1,650,000	0
9	(15) Administrative Office of the Courts		
10	(Budget Code: 12000)	5,000,000	5,000,000
11			<u>0</u>
12	<u>(16) State Bureau of Investigation</u>		
13	<u>(Budget Code: 15020)</u>	<u>0</u>	<u>2,250,000</u>
14	<u>(17) University of North Carolina at Charlotte</u>		
15	<u>(Budget Code: 16050)</u>	<u>0</u>	<u>16,500,000</u>
16	<u>(18) Appalachian State University</u>		
17	<u>(Budget Code: 16080)</u>	<u>0</u>	<u>1,000,000</u>
18	<u>(19) School of Science and Mathematics</u>		
19	<u>(Budget Code: 16094)</u>	<u>0</u>	<u>500,000</u>
20	<u>(20) Department of Transportation–DMV</u>		
21	<u>(Budget Code: 84210)</u>	<u>0</u>	<u>250,000"</u>

SECTION 2.2.(e) 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
35	(1) Emergency Management		
36	(Budget Code: 24552)	\$174,601,092	\$0
37	(2) Office of State Budget and Management – Special		
38	Appropriations (Budget Code: 13085)	22,255,000	0
39	(3) DACS–Soil & Water Conservation		
40	(Budget Code: 23704)	20,000,000	0
41	(4) Department of Insurance		
42	(Budget Code: 63903)	20,000,000	0
43	(5) Department of Environmental Quality		
44	(Budget Code: 14300)	7,500,000	0
45	(6) Department of Environmental Quality – Disaster		
46	(Budget Code: 24310)	10,493,953	987,906
47	(7) Wildlife Resources Commission		
48	(Budget Code: 14350)	11,000,000	0
49	(8) DEQ – Special Revenue		
50	(Budget Code: 24317)	10,000,000	10,000,000
51	(9) UNC at Chapel Hill – Academic Affairs		

1	(Budget Code: 16020)	330,000	330,000
2	(10) NC School of Science & Math		
3	(Budget Code: 16094)	264,000	0
4	(11) North Carolina Central University		
5	(Budget Code: 16090)	50,000	0
6	(12) Department of Insurance–Public Prop. Ins. Enterprise Fund		
7	(Budget Code: 539XX)	0	200,000,000"

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

9 "SECTION 2.2.(f) Retiree Supplement Reserve. – There is established in the General Fund
10 a Retiree Supplement Reserve to provide funds for a four percent (4%) retiree supplement
11 supplement for the 2023-2024 fiscal year and a two percent (2%) retiree supplement for the
12 2024-2025 fiscal year. The State Controller shall reserve to the Retiree Supplement Reserve from
13 funds available in the General Fund the sum of one hundred forty-five million six hundred
14 thousand dollars (\$145,600,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum
15 of seventy-nine million eight hundred four thousand five hundred twenty-three dollars
16 (\$79,804,523) in nonrecurring funds for the 2024-2025 fiscal year. The State Controller shall
17 transfer to State agencies and departments the funds needed to provide the four percent (4%)
18 supplement for the 2023-2024 fiscal year and the two percent (2%) supplement for the 2024-2025
19 fiscal year as provided in Section 39.27 of this act, and the funds transferred are appropriated for
20 the fiscal year in which they are transferred."

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

22 "SECTION 2.2.(h) Economic Development Project Reserve. – The State Controller shall
23 reserve to the Economic Development Project Reserve established in Section 2.2 of S.L.
24 2021-180 from funds available in the General Fund the sum of six hundred thirty million dollars
25 (\$630,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of one hundred
26 fifty-five million one hundred thousand dollars ~~(\$100,000,000)–(\$155,100,000)~~ for the
27 2024-2025 fiscal year. The State Controller shall transfer funds available in the Economic
28 Development Project Reserve to State agencies and departments for economic development
29 initiatives in accordance with the following schedule, and the funds transferred are appropriated
30 for the fiscal year in which they are transferred:

32	State Agency or Department	2023-2024	2024-2025
34	(1) Department of Commerce		
35	(Budget Code: 14601)	\$10,000,000	\$0
36			<u>\$55,100,000</u>
37	(2) Department of Commerce		
38	(Budget Code: 14602)	10,600,000	108,400,000
39	(3) Department of Environmental Quality		
40	(Budget Code: 14300)	1,000,000	0
41	(4) Department of Transportation		
42	(Budget Code: 84210)	0	<u>150,000,000"</u>

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

44 "SECTION 2.2.(i) Housing Reserve. – The State Controller shall reserve to the Housing
45 Reserve established in Section 2.2(k) of S.L. 2022-74 from funds available in the General Fund
46 the sum of forty-five million dollars (\$45,000,000) in nonrecurring funds for the 2023-2024 fiscal
47 year and the sum of ~~forty-five ten~~ million dollars ~~(\$45,000,000)–(\$10,000,000)~~ in nonrecurring
48 funds for the 2024-2025 fiscal year. The State Controller shall transfer funds available in the
49 Housing Reserve to the Housing Finance Agency (Budget Code: 13010) in the sum of forty-five
50 million dollars (\$45,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of
51 ~~forty-five ten~~ million dollars ~~(\$45,000,000)–(\$10,000,000)~~ in nonrecurring funds for the

2024-2025 fiscal year, and those funds are appropriated for the fiscal year in which they are transferred."

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

"SECTION 2.2.(n) Regional Economic Development Reserve. – There is established in the General Fund a Regional Economic Development Reserve. The State Controller shall reserve to the Regional Economic Development Reserve from funds available in the General Fund the sum of one billion two hundred fifty million dollars (\$1,250,000,000) in nonrecurring funds for the 2023-2024 fiscal year ~~and~~ and the sum of five hundred fifty million dollars (\$550,000,000) in nonrecurring funds for the 2024-2025 fiscal year. The State Controller shall transfer funds available in the Reserve 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) Office of State Budget and Management – Spec. Approp. (Budget Code: 13085)	\$1,245,350,000	\$4,650,000"

PART III. HIGHWAY FUND AND HIGHWAY TRUST FUND

CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

SECTION 3.1. Appropriations from the State Highway Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are made for the fiscal year ending June 30, 2025, according to the following schedule. Amounts set out in parentheses are reductions from Highway Fund Appropriations for the 2024-2025 fiscal year.

Highway Fund	FY 2024-2025
Administration	\$128,728,454
Division of Highways	
Administration	57,986,424
Construction	117,543,078
Maintenance	2,232,081,689
Governor's Highway Safety Program	424,111
OSHA	358,030
Aid to Municipalities	
Powell Bill	225,875,000
Intermodal Divisions	
Ferry	76,929,849
Public Transportation, Bicycle and Pedestrian	69,510,286
Aviation	156,474,429
Rail	45,299,938
Division of Motor Vehicles	147,883,896
Other State Agencies, Reserves, Transfers	68,632,953
Capital Improvements	10,571,863

Total **\$3,338,300,000**

HIGHWAY FUND AVAILABILITY

SECTION 3.2. The Highway Fund availability set out in Section 3.2 of S.L. 2023-134 applies to the 2023-2024 fiscal year only. The Highway Fund availability used in adjusting the 2024-2025 budget is shown below:

Highway Fund Availability **FY 2024-2025**

Beginning Balance **\$0**

Overcollections from FY 2023-24 63,500,000

Consensus Revenue Forecast

Motor Fuels Tax 1,848,200,000

Licenses and Fees 1,077,700,000

Short-Term Lease 118,800,000

Investment Income 52,400,000

Sales Tax Transfer 177,700,000

Total Highway Fund Availability **\$3,338,300,000**

HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 3.3. Appropriations from the State Highway Trust 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. Amounts set out in parentheses are reductions from Highway Trust Fund Appropriations for the 2024-2025 fiscal year.

Current Operations – Highway Trust Fund **FY 2024-2025**

Program Administration \$42,017,311

Bonds 121,436,775

Turnpike Authority 49,000,000

State Ports Authority 45,000,000

FHWA State Match 6,176,440

Strategic Prioritization Funding Plan for
Transportation Investments 2,246,029,474

Transfer to Visitor Center 640,000

Total **\$2,510,300,000**

HIGHWAY TRUST FUND AVAILABILITY

SECTION 3.4. The Highway Trust Fund availability set out in Section 3.2 of S.L. 2023-134 applies to the 2023-2024 fiscal year only. The Highway Trust Fund availability used in adjusting the 2024-2025 budget is shown below:

Highway Trust Fund Availability **FY 2024-2025**

Beginning Balance **\$0**

Overcollections from FY 2023-24 42,800,000

Consensus Revenue Forecast

Highway Use Tax 1,131,400,000

Motor Fuels Tax 613,900,000

Fees 169,000,000

1	Investment Income	20,200,000
2	Sales Tax Transfer	533,000,000
3		
4	Total Highway Trust Fund Availability	\$2,510,300,000

PART IV. OTHER AVAILABILITY AND APPROPRIATIONS

FUND TRANSFER CHANGES

SECTION 4.1.(a) Notwithstanding G.S. 18C-164(b3), any net revenues remaining after appropriation pursuant to G.S. 18C-164(b1) and transfer pursuant to G.S. 18C-164(b2) are hereby transferred to the North Carolina State Education Assistance Authority (Budget Code 16012) to be used for the Opportunity Scholarship program for the 2024-2025 fiscal year.

SECTION 4.1.(b) Notwithstanding G.S. 143C-4-2(i), no transfer shall be made to the Unfunded Liability Solvency Reserve for the 2024-2025 fiscal year.

SECTION 4.1.(c) Notwithstanding G.S. 136-44.2(f) and G.S. 136-186, the credit reserve available in the Highway Fund and Highway Trust Fund shall be used in accordance with the appropriations made in this Act for the 2024-25 fiscal year.

SECTION 4.1.(d) This section becomes effective June 30, 2024.

APPROPRIATION OF RECEIPTS INCREASED DUE TO SALARY AND BENEFITS INCREASES

SECTION 4.1A. Any receipts that are required to be used to pay the legislatively mandated salary increases and employee benefits increases provided in this act are appropriated up to the actual amount received for the 2024-2025 fiscal year.

EDUCATION LOTTERY FUNDING CHANGES

SECTION 4.2. 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>\$406,914,455</u>
Prekindergarten Program	78,252,110	78,252,110
Public School Building Capital Fund	100,000,000	100,000,000
Needs-Based Public School Capital Fund	254,252,612	258,252,612
Public School Repair & Renovation	50,000,000	~~50,000,000~~ <u>100,000,000</u>
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>

NEEDS-BASED SCHOOL CAPITAL PROGRAM CHANGES

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

"Article 38B.

"Needs-Based Public School Capital Fund.

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

There is created the Needs-Based Public School Capital Fund as an interest-bearing, nonreverting special fund in the Department of Public Instruction. The State Treasurer shall be

the custodian of the Needs-Based Public School Capital Fund and shall invest its assets in accordance with the provisions of G.S. 147-69.2 and G.S. 147-69.3. The Department of Public Instruction shall award grants from the Fund to counties to assist with their critical public school building capital needs in accordance with the following priorities:

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

"§ 115C-546.11. Matching requirement; use of funds; maximum awards; ~~project review~~project review; application time lines.

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

Adjusted Market Value of Taxable Real Property

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

(b) Grant funds shall be used only for the construction of new school buildings and additions, repairs, and renovations. Grant funds shall not be used for real property acquisition or for capital improvements to administrative buildings. Grant funds shall be disbursed in a series of payments based on the progress of the project. To obtain a payment, the grantee shall submit a request for payment along with documentation of the expenditures for which the payment is requested and evidence that the matching requirement contained in subsection (a) of this section has been met. No portion of grant funds may be used to acquire a Leadership in Energy and Environmental Design (LEED) certification.

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

- (1) Up to forty-two million dollars (\$42,000,000) for an elementary school.
- (2) Up to fifty-two million dollars (\$52,000,000) for a middle school or a combination of an elementary and middle school.

(3) Up to sixty-two million dollars (\$62,000,000) for a high school.

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

(e) No later than October 1 of each year, the Department of Public Instruction shall publish the application requirements, including the applicable county match requirements calculated pursuant to subsection (a) of this section, for grant awards under this Article to be considered for the following fiscal year. The Department of Public Instruction shall open the grant application period on January 1 of each year and shall accept grant applications meeting the criteria established under this Article from that date until March 15 of each year. During the grant application period, the Department of Public Instruction may work with applicants to supplement grant applications with any information needed to evaluate the grant application. Upon the closing of the grant application period on March 15 of each year, the Department shall evaluate all applications received during the grant application period and, no later than May 1 of each year, shall submit an unranked list of grant applications, to include a technical evaluation and a statement of comparison to the priorities listed in G.S. 115C-546.10 for each application, that qualify under the conditions imposed by this Article to the chairs of the Senate Committee on Appropriations/Base Budget, the chairs of the House Appropriations Committee, and the Fiscal Research Division.

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

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

- (1) A requirement that the grantee seek planning assistance and plan review from the School Planning Section of the Department of Public Instruction.
- (2) A progress payment provision governing disbursements to the county for the duration of the school construction project based upon the construction progress and documentation satisfactory to the Department that the matching requirement in G.S. 115C-546.11 has been met.
- (3) A provision requiring periodic reports to the Department of Public Instruction on the use of disbursed grant funds and the progress of the school construction project.
- (4) A requirement that matching funds paid by the county pursuant to G.S. 115C-546.11 must be derived from non-State and nonfederal funds.
- (5) A provision requiring repayment in full of awarded grant funds in the event the grant recipient declines the grant award or the grant is forfeited.

(b) Project construction must be initiated within 24 months of the award of grant funds. The Superintendent of Public Instruction may grant a 12-month extension under extraordinary circumstances.

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

- (1) Project construction is not initiated on time.
- (2) Project scope changes significantly from what was outlined in the grant agreement.
- (3) Any statement or information provided in the grant application is later determined to be materially false.
- (4) Local funding is subsequently decreased from the amount provided in the grant application.

(d) For grant awards that, due to extraordinary circumstances, are forfeited or declined, the Department of Public Instruction may deduct reasonable administrative costs incurred by the grant recipient in connection with the project from grant funds disbursed to the grant recipient in the calculation of fund repayment. A grant recipient shall provide documentation satisfactory to the Department to support any administrative costs to be deducted.

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

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

- (1) Ownership of the subject property on which the leased school is constructed shall be retained by the county.
- (2) The lease agreement shall include a repairs and maintenance provision that requires the landlord to bear the entire expense of all repairs, maintenance, alterations, or improvements to the basic structure, fixtures, appurtenances, and grounds of the subject property for the term of the lease.
- (3) The lease agreement shall be for a term of at least 15 years and no more than 25 years.
- (4) In lieu of the progress payment requirement provided in G.S. 115C-546.11(b), a county that has entered into a lease agreement shall provide a copy of the lease agreement to the Department of Public Instruction and shall be periodically reimbursed upon submission of documentation satisfactory to the Department that the matching requirement of this section has been met.

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

"§ 115C-546.14. Reporting.

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

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

- (1) Number, description, and geographic distribution of ~~projects awarded~~ project applications received.
- (2) Total cost of each project and amount supported by the Needs-Based Public School Capital Fund.
- (3) Projections for local school administrative unit capital needs for the next 30 years based upon present conditions and estimated demographic changes.

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

SECTION 4.3.(b) G.S. 115C-546.10, as amended by subsection (a) of this section, reads as rewritten:

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

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

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

SECTION 4.3.(c) G.S. 115C-546.11, as amended by subsection (a) of this section, reads as rewritten:

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

...
(b) Grant funds shall be used only for the construction of new school buildings and additions, repairs, and renovations. Grant funds shall not be used for real property acquisition or for capital improvements to administrative buildings. Grant funds shall be disbursed in a series of payments based on the progress of the project. To obtain a payment, the grantee shall submit a request for payment along with documentation of the expenditures for which the payment is requested and evidence that the matching requirement contained in subsection (a) of this section has been met. No portion of grant funds may be used to acquire a Leadership in Energy and Environmental Design (LEED) certification. Grant funds awarded under this section shall not revert but shall remain available until expended or until project completion.

...
(d) The Department of Public Instruction shall review projected enrollment to evaluate the reasonableness of a project's size and scope. A county may include in a grant application a minimum grant amount that would enable the project to proceed. A grant application that proposes to consolidate two or more schools by (i) making additions or renovations at one or more school facilities and (ii) closing one or more existing school facilities may be submitted and considered by the Department of Public Instruction as a single project. Each application for a grant under this Article shall be evaluated independent of other grant applications submitted. A county may not apply for projects that exceed an aggregate amount greater than the maximum grant award amounts listed in subsection (c) of this section in any single year. ~~The Department~~

of Public Instruction shall not award a grant to an applicant at less than the requested amount or less than the maximum grant amounts listed in subsection (c) of this section for the purpose of reserving the amount of grant funds available for other grant applications. If a county declines or otherwise forfeits a grant awarded under this section, the Department shall not award additional grants to that county for 24 months from the date the grant award was declined or forfeited.

...."

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

"**SECTION 4.3.(c)** The Department of Public Instruction may award additional grant funds for new construction, up to the maximum amounts provided in subsection (a) of this section, to a county that received an award for new construction under G.S. 115C-546.11(c) during the 2022-2023 fiscal year, provided that the county has not yet begun construction on the project. A county seeking additional funding pursuant to this subsection shall request additional funds from the Department in an amount not exceeding twelve million dollars (\$12,000,000) by June 30, 2024, and shall provide actual bids or other documentation of cost increases satisfactory to the Department based upon the original project scope outlined in the grant agreement to support the requested additional funding. The additional grant awards provided pursuant to this subsection shall be subject to the same local matching requirement applicable when the previous grant was awarded. The Department may amend any existing agreements entered into with grant recipients from the initial grant award to accommodate the increased grant funding provided in this subsection. The Department may award additional grant funds under this subsection outside of the regular application process and time line; provided, however, all additional grant funds shall be awarded no later than ~~June 30, 2025~~December 31, 2024."

SECTION 4.3.(e) Subsections (b) and (c) of this section become effective January 1, 2025. The remainder of this section becomes effective July 1, 2024.

INDIAN GAMING REVENUE FUND APPROPRIATIONS

SECTION 4.4. 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~~ \$0
Classroom Materials	11,000,000	1,000,000
<u>Instructional Materials Allotment</u>	<u>0</u>	<u>19,000,000</u>
Total Appropriation	\$21,000,000	~~\$11,000,000~~ <u>\$20,000,000</u>

CIVIL PENALTY AND FORFEITURE FUND

SECTION 4.5. 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~~ 176,041,640
Total Appropriation	\$275,535,408	~~\$215,535,408~~ <u>\$225,535,408</u>

SPORTS WAGERING CHANGES

SECTION 4.6.(a) G.S. 18C-901(13d) reads as rewritten:

- "(13d) Professional sports team. – A team in this State that competes in the highest level of any of the following professional sports:
- a. Baseball.
 - b. Men's Soccer.
 - c. Basketball.
 - d. Football.
 - e. Ice Hockey.
 - f. Women's Soccer.
 - g. Bull Riding."

SECTION 4.6.(b) G.S. 105-113.128 reads as rewritten:

"§ 105-113.128. Use of tax proceeds.

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:

...

- (4) ~~One-Six million dollars (\$1,000,000)–(\$6,000,000) annually to the North Carolina Youth Outdoor Engagement Commission for grants, in the discretion of the Commission, as follows:~~ to be used for the following purposes:

- a. Grants not to exceed five thousand dollars (\$5,000) per sporting team or group per county per year requesting grant assistance to travel to in-State or out-of-state sporting events.
- b. Incentive grants not to exceed twenty-five thousand dollars (\$25,000) to attract State, regional, area, and national sporting events, tournaments, and programs for nonprofessional sporting participants in programs administered by city, county, and local school administrative units, or appropriate nonprofit organizations exempt from taxation under section 501(c)(3) of the Internal Revenue Code as determined by the North Carolina Youth Outdoor Engagement Commission.
- c. Five million dollars (\$5,000,000) of the proceeds distributed annually under this subdivision shall be used to fund Go Outside Grants, which shall be split evenly between the following purposes:
 1. Educational field trips.
 2. Construction of outdoor educational structures.

- (5) Of the remaining proceeds, as follows:

- a. Twenty percent (20%) ~~annually~~ to be distributed equally among the institutions listed in this sub-subdivision to support collegiate athletic departments, not to supplant general funding to that institution. The institutions are listed as follows:
 1. Appalachian State University.
 2. East Carolina University.
 3. Elizabeth City State University.
 4. Fayetteville State University.
 5. North Carolina Agricultural & Technical State University.

6. North Carolina Central University.
7. University of North Carolina at Asheville.
8. University of North Carolina at Charlotte.
9. University of North Carolina at Greensboro.
10. University of North Carolina at Pembroke.
11. University of North Carolina at Wilmington.
12. Western Carolina University.
13. Winston-Salem State University.

a1. Five percent (5%) to be distributed equally among the institutions listed in this sub-subdivision to support collegiate athletic departments, not to supplant general funding to that institution. The institutions are listed as follows:

1. Appalachian State University.
2. East Carolina University.
3. North Carolina Agricultural & Technical State University.
4. North Carolina State University.
5. University of North Carolina at Chapel Hill.
6. University of North Carolina at Charlotte.

b. ~~Thirty percent (30%) annually~~ Twenty-five percent (25%) to the North Carolina Major Events, Games, and Attractions Fund established under G.S. 143B-437.112.

c. ~~Fifty percent (50%) annually~~ The remainder to the General Fund."

SECTION 4.6.(c) Subsection (b) of this section becomes effective August 1, 2024, and applies to distributions made on or after that date. The remainder of this section is effective when it becomes law.

STATE FISCAL RECOVERY FUND REALLOCATIONS

SECTION 4.7.(a) Notwithstanding any provision of law to the contrary, State Fiscal Recovery Funds appropriated in S.L. 2021-180 are reduced as follows:

- (1) The appropriation to the Administrative Office of the Courts (Budget Code 12000) for "Economic Assistance Funds" provided on page E7, item 14 of the Committee Report described in Section 43.2 of S.L. 2021-180 and further described in Section 16.23 of S.L. 2021-180 is reduced by the sum of nine hundred sixty-four thousand six hundred eighty dollars (\$964,680).
- (2) The appropriation to the Department of Commerce (Budget Code 14602) for "Motorsports" provided on page D45, item 128 of the Committee Report described in Section 43.2 of S.L. 2021-180 and further described in Section 11.14 of S.L. 2021-180 is reduced by the sum of one hundred twenty-five thousand three hundred thirty-eight dollars (\$125,338).
- (3) The appropriation to the Department of Health and Human Services (Budget Code 14445) for "Premium Pay Bonuses" provided on page C44, item 109 of the Committee Report described in Section 43.2 of S.L. 2021-180 and further described in Section 39.21 of S.L. 2021-180 is reduced by the sum of twelve million six hundred forty thousand eight hundred ninety-four dollars (\$12,640,894).
- (4) The appropriation to the Department of Health and Human Services (Budget Code 14460) for "Temporary Funding Assistance for ICF/IIDs" provided on page C72, item 173 of the Committee Report described in Section 43.2 of S.L. 2021-180 and further described in Section 9F.13 of S.L. 2021-180 is reduced by the sum of four thousand six hundred eighty-six dollars (\$4,686).

- (5) The appropriation to the Department of Public Instruction (Budget Code 13510) for "Smart School Bus Pilot" provided on page B28, item 71 of the Committee Report described in Section 43.2 of S.L. 2021-180 and further described in Section 7.70(a) and (b) of S.L. 2021-180 is reduced by the sum of three million three hundred twenty-seven thousand five hundred eighty-five dollars (\$3,327,585).
- (6) The appropriation to the Department of Revenue (Budget Code 14700) for "Mainframe Migration" provided on page F154, item 274 of the Committee Report described in Section 43.2 of S.L. 2021-180 is reduced by the sum of three hundred seventy-two thousand two hundred thirty-seven dollars (\$372,237).
- (7) The appropriation to the Department of Revenue (Budget Code 14700) for "Business Recovery Grant Program" provided on page F154, item 275 of the Committee Report described in Section 43.2 of S.L. 2021-180 and further described in Section 34.3A of S.L. 2021-180 is reduced by the sum of two million nine hundred seventeen thousand one hundred forty-three dollars (\$2,917,143).
- (8) The appropriation to the Board of Governors of The University of North Carolina (Budget Code 10610) for "North Carolina Arboretum COVID-19 Expenses" provided on page B45, item 132 of the Committee Report described in Section 43.2 of S.L. 2021-180 is reduced by the sum of two thousand seven hundred forty-seven dollars (\$2,747).
- (9) The appropriation to the Board of Governors of The University of North Carolina (Budget Code 16012) for "Longleaf Commitment Grants" provided on page B50, item 157 of the Committee Report described in Section 43.2 of S.L. 2021-180 and further described in Section 8A.5 of S.L. 2021-180 is reduced by the sum of twelve million five hundred thousand dollars (\$12,500,000).
- (10) The appropriation to the Department of Environmental Quality (Budget Code 14300) for water, wastewater, and stormwater infrastructure grants provided on page D57, items 147-150 of the Committee Report described in Section 43.2 of S.L. 2021-180 and further described in Sections 12.13 and 12.14 of S.L. 2021-180 is reduced by the sum of eight hundred eighty-seven million six hundred ten thousand four hundred forty-eight dollars (\$887,610,448).

SECTION 4.7.(b) State agencies that are still in possession of the funds described in subsection (a) of this section shall return the funds to the State Fiscal Recovery Fund, established in Section 2.2 of S.L. 2021-25, as soon as practicable but no later than 15 business days after this section becomes law.

SECTION 4.7.(c) The Office of State Budget and Management shall allocate funds from the State Fiscal Recovery Fund, established in Section 2.2 of S.L. 2021-25, in accordance with the provisions contained in Section 4.9 of S.L. 2021-180, as follows:

- (1) The sum of nine hundred sixty-four thousand six hundred eighty dollars (\$964,680) to the Administrative Office of the Courts (Budget Code 12000) for Human Trafficking Grants.
- (2) The sum of ten million dollars (\$10,000,000) to the Department of Public Safety (Budget Code 14550) for VIPER.
- (3) The sum of one hundred nine million five hundred one thousand seventy-eight dollars (\$109,501,078) to the Department of Health and Human Services (Budget Code 14420) for Childcare Stabilization Grants.
- (4) The sum of eight hundred million dollars (\$800,000,000) to the SFRF Negative Reserve (Budget Code 19000).

1 **SECTION 4.7.(d)** This section is effective when it becomes law.

2
3 **INTEREST EARNED FROM STATE FISCAL RECOVERY RESERVE**

4 **SECTION 4.8.(a)** Section 4.8A of S.L. 2023-134 is amended by adding a new
5 subsection to read:

6 "**SECTION 4.8A.(c)** Allocations of interest earned from the State Fiscal Recovery Reserve
7 set forth in this act, S.L. 2023-134, or any other enactment of the General Assembly providing
8 for such allocations shall not revert at the end of each year of the 2023-2025 fiscal biennium but
9 shall remain available until expended."

10 **SECTION 4.8.(b)** This section becomes effective June 30, 2024.

11
12 **MEDICAID REBASE FUNDING FOR FISCAL YEAR 2024-2025 FROM ARPA**
13 **TEMPORARY SAVINGS FUND**

14 **SECTION 4.9.** Section 4.9(d) of S.L. 2023-134 is amended by adding a new
15 subdivision to read:

16 "(9a) The Department of Health and Human Services, Division of Health Benefits,
17 (Budget Code 14445) for Medicaid Rebase."

18
19 **PART V. GENERAL PROVISIONS**

20
21 **EXTEND THE TIME LINE FOR CERTAIN DIRECTED GRANTS TO NON-STATE**
22 **ENTITIES**

23 **SECTION 5.1.(a)** This section applies to any directed grants appropriated as
24 nonrecurring funds in S.L. 2022-74 for the 2022-2023 fiscal year that (i) remain unexpended as
25 of the effective date of this section and (ii) are subject to reversion at the end of the 2023-2024
26 fiscal year. Notwithstanding any provision of law to the contrary, the grants described by this
27 section shall not revert at the end of the 2023-2024 fiscal year and shall remain available for
28 expenditure for the purpose for which the funds were appropriated until the earlier of the date the
29 funds are expended or the date the funds revert pursuant to subsection (b) of this section.

30 **SECTION 5.1.(b)** Any funds described in subsection (a) of this section that remain
31 unexpended as of June 30, 2024, shall revert to the appropriate fund at the end of the 2024-2025
32 fiscal year.

33 **SECTION 5.1.(c)** This section becomes effective June 30, 2024.

34
35 **ESTABLISHING OR INCREASING FEES**

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

39 **SECTION 5.2.(b)** Notwithstanding G.S. 150B-21.1A(a), an agency may adopt an
40 emergency rule in accordance with G.S. 150B-21.1A to establish or increase a fee as authorized
41 by this act if the adoption of a rule would otherwise be required under Article 2A of Chapter
42 150B of the General Statutes.

43
44 **DIRECTED GRANTS TO NON-STATE ENTITIES**

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

- 47 (1) Directed grant. – Nonrecurring funds allocated by a State agency to a
48 non-State entity as directed by an act of the General Assembly and specifically
49 denoted as a "directed grant."
50 (2) Non-State entity. – As defined in G.S. 143C-1-1.

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

- (1) Directed grants are subject to the provisions of subsections (b) through (k) of G.S. 143C-6-23. For purposes of returning a directed grant pursuant to G.S. 143C-6-23(f1)(1), the date by which such funds must be expended, encumbered, or disbursed is the applicable deadline established for the directed grant.
- (2) Directed grants of one hundred thousand dollars (\$100,000) or less may be made in a single annual payment in the discretion of the Director of the Budget. Directed grants of more than one hundred thousand dollars (\$100,000) shall be made in quarterly or monthly payments in the discretion of the Director of the Budget. A State agency administering a directed grant shall begin disbursement of funds to a non-State entity that meets all applicable requirements as soon as practicable but no later than 100 days after the date this act becomes law. Full disbursement of funds to a non-State entity that meets all applicable requirements shall be completed no later than nine months after the date this act becomes law.
- (3) Beginning on the first day of a quarter following the deadline provided in subdivision (2) of this subsection and quarterly thereafter, State agencies administering directed grants shall report to the Fiscal Research Division on the status of funds disbursed for each directed grant until all funds are fully disbursed. At a minimum, the report required under this subdivision shall include updates on (i) the date of the initial contract, (ii) the date the contract was sent to the entity receiving the funds, (iii) the date the disbursing agency received the fully executed contract back from the entity, (iv) the contract execution date, and (v) the payment date.
- (4) Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary, nonrecurring funds appropriated in this act for the 2024-2025 fiscal year as directed grants shall not revert until June 30, 2026.
- (5) Directed grants to nonprofit organizations are for nonsectarian, nonreligious purposes only.

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

BUDGET ACT CHANGES

SECTION 5.4.(a) G.S. 143C-1-1 reads as rewritten:

"§ 143C-1-1. Purpose and definitions.

...

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

...

(20) Object or line item. – An expenditure or receipt in a recommended or enacted budget that is designated in the Budget Code Structure of the North Carolina ~~Accounting~~ Financial System Uniform Chart of Accounts prescribed by the Office of the State Controller.

...

(23) Purpose or program. – A group of objects or line items for support of a specific activity for a State agency outlined in a recommended or enacted budget that is designated by a ~~nine-digit six-digit budget~~ fund code in accordance with the Budget Code Structure of the North Carolina ~~Accounting~~ Financial System Uniform Chart of Accounts prescribed by the Office of the State Controller.

...."

SECTION 5.4.(b) G.S. 143C-3-5 reads as rewritten:

"§ 143C-3-5. Budget recommendations and budget message.

(b) Odd-Numbered Years. – In odd-numbered years the budget recommendations shall include the following components:

(2) A Recommended Base Budget showing, for each budget code and purpose or program in State government, accounting detail corresponding to the Recommended State Budget.

a. The Recommended Base Budget shall employ the North Carolina ~~Accounting~~ Financial System Uniform Chart of Accounts adopted by the State Controller to show both uses and sources of funds and shall display in separate parallel columns all of the following: (i) actual expenditures and receipts for the most recent fiscal year for which actual information is available, (ii) the certified budget for the preceding fiscal year, (iii) the currently authorized budget for the preceding fiscal year, (iv) program base budget requirements for each fiscal year of the biennium, (v) proposed expenditures and receipts for each fiscal year of the biennium, and (vi) proposed increases and decreases.

c. The Recommended Base Budget shall include accurate projections of receipts, expenditures, and fund balances. Estimated receipts, including tuition collected by university or community college institutions, shall be adjusted to reflect actual collections from the previous fiscal year, unless the Director recommends a change that will result in collections in the budget year that differ from prior year actuals, or the Director otherwise determines there is a more reasonable basis upon which to accurately project receipts. If receipts are projected to decrease, the corresponding expenditure shall be decreased in a like amount. Revenue and expenditure detail provided in the Budget Support Document shall be no less detailed than the two-digit level in the North Carolina ~~Accounting~~ Financial System Uniform Chart of Accounts as prescribed by the State Controller.

(7) The Governor's Recommended State Budget shall include a transfer to the State Capital and Infrastructure Fund of ~~four percent (4%) of the estimated net State tax revenues that are deposited in the General Fund for each fiscal year of the upcoming biennium.~~ in accordance with G.S. 143C-4-3.1(b)(1).

...."

SECTION 5.4.(c) G.S. 143C-6-13 is repealed.

SECTION 5.4.(d) Section 5.3 of S.L. 2023-134 reads as rewritten:

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

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

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

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

(1) Directed grants are subject to the provisions of subsections (b) through ~~(k)~~, ~~except for subdivision (1) of (f1), (k) of G.S. 143C-6-23.~~ For purposes of returning a directed grant pursuant to G.S. 143C-6-23(f1)(1), the date by

which such funds must be expended, encumbered, or disbursed is the applicable deadline established for the directed grant.

...."

SECTION 5.4.(e) G.S. 143C-6-11(l) reads as rewritten:

"(l) It is the intent of the General Assembly to (i) prevent the inclusion of duplicative fund codes in the Highway Fund certified budget and (ii) correctly align authorized positions and associated operating costs with the appropriate purposes and definitions as defined in G.S. 143C-1-1. To that end, the Office of State Budget and Management, in consultation with the Department of Transportation, the Office of the State Controller, and the Fiscal Research Division of the General Assembly, shall include, as an appendix to the Highway Fund certified budget, object detail using the North Carolina ~~Accounting~~ Financial System Uniform Chart of Accounts prescribed by the Office of the State Controller to provide a more detailed accounting of the proposed budgets and receipts and actual expenditures and revenue collections. This requirement includes applying object detail at the four-digit level for all accounts to full-time and part-time positions, to operating expenditures and receipts, and to intrafund transfers. Additionally, work order positions shall be budgeted within existing fund codes."

SECTION 5.4.(f) Subsection (d) of this section becomes effective June 30, 2024. The remainder of this section becomes effective July 1, 2024.

REMOVE RAFFLE RESTRICTIONS ON NONPROFIT ORGANIZATIONS

SECTION 5.5.(a) G.S. 14-309.15 reads as rewritten:

"§ 14-309.15. Raffles.

(a) It is lawful for any nonprofit organization, candidate, political committee, or any government entity within the State, to conduct raffles in accordance with this section. Each regional or county chapter of a nonprofit organization is eligible to conduct raffles in accordance with this section independently of its parent organization. Any person who conducts a raffle in violation of any provision of this section is guilty of a Class 2 misdemeanor. Upon conviction that person shall not conduct a raffle for a period of one year. It is lawful to participate in a raffle conducted pursuant to this section. It is not a violation of State law to advertise a raffle conducted in accordance with this section. A raffle conducted pursuant to this section is not "gambling." For the purpose of this section, "candidate" and "political committee" have the meaning provided by Article 22A of Chapter 163 of the General Statutes, who have filed organization reports under that Article, and who are in good standing with the appropriate board of elections. Receipts and expenditures of a raffle by a candidate or political committee shall be reported in accordance with Article 22A of Chapter 163 of the General Statutes, and ticket purchases are contributions within the meaning of that Article.

(b) For purposes of this section "raffle" means a game in which the prize is won by random drawing of the name or number of one or more persons purchasing chances.

~~(c) A nonprofit organization may hold no more than five raffles per year.~~

~~(d) Except as provided in subsection (g) of this section, the~~ The maximum cash prize that may be offered or paid for any one raffle is one hundred twenty-five thousand dollars (\$125,000) and if merchandise is used as a prize, and it is not redeemable for cash, the maximum fair market value of that prize may be one hundred twenty-five thousand dollars (\$125,000). ~~The total cash prizes offered or paid by any nonprofit organization shall not exceed two hundred fifty thousand dollars (\$250,000) in any calendar year. The total fair market value of all prizes offered by any nonprofit organization, either in cash or in merchandise that is not redeemable for cash, shall not exceed two hundred fifty thousand dollars (\$250,000) in any calendar year. This subsection does not apply to a raffle conducted by a nonprofit organization.~~

(e) Raffles shall not be conducted in conjunction with bingo.

(f) As used in this subsection, "net proceeds of a raffle" means the receipts less the cost of prizes awarded. ~~No less than ninety percent (90%) of the~~ The net proceeds of a raffle shall be

used by the nonprofit organization for charitable, religious, educational, civic, or other nonprofit purposes. None of the net proceeds of the raffle shall be used to pay any person to conduct the raffle, or to rent a building where the tickets are received or sold or the drawing is conducted.

(g) Real property may be offered as a prize in a raffle. Any nonprofit organization offering real property as a prize in a raffle shall provide the property free from all liens, provide an owner affidavit and indemnity agreement, and provide a title commitment for the property and shall make that commitment available for inspection upon request. ~~The total appraised value of all real estate prizes offered by any nonprofit organization shall not exceed two million two hundred fifty thousand dollars (\$2,250,000) in any calendar year.~~

(h) Notwithstanding any other subsection of this section, it is lawful for a federally insured depository institution to conduct a savings promotion raffle under G.S. 53C-6-20, 54-109.64, 54B-140, or 54C-180."

SECTION 5.5.(b) This section becomes effective December 1, 2024, and applies to offenses committed on or after that date.

PART VI. COMMUNITY COLLEGE SYSTEM

PERMIT NC CAREER COACH PROGRAM FUNDS TO BE USED FOR ADMINISTRATIVE COSTS

SECTION 6.1. G.S. 115D-21.5 reads as rewritten:

"§ 115D-21.5. NC Career Coach Program.

(a) Purpose. – There is established the NC Career Coach Program to place community college career coaches in high schools to assist students with determining career goals and identifying community college programs that would enable students to achieve these goals.

...

(e) Administrative Costs. – Of the funds appropriated each fiscal year to the Community College System Office for the NC Career Coach Program, the System Office may allocate the lesser of up to two percent (2%) or one hundred fifteen thousand dollars (\$115,000) for administrative costs associated with the program, including costs related to staffing, program management, and program evaluation."

PROPRIETARY SCHOOLS CHANGES

SECTION 6.2.(a) G.S. 115D-89.1(b) reads as rewritten:

"(b) The State Board of Proprietary Schools shall consist of seven members as follows:

- (1) The President of the North Carolina Community College System or the President's designee.
- (2) Two members appointed by the Governor.
- (3) Two members appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate, one of whom shall be the owner or director of a proprietary school licensed in the State with less than 100 total annual enrollment of students and one the owner or director of a proprietary school or group of proprietary schools licensed in the State with ~~more than 750~~ 100 or more total annual enrollment of students.
- (4) Two members appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives, one of whom shall be the owner or director of a proprietary school licensed in the State with ~~between less than 100 and 750~~ total annual enrollment of students and one the owner or director of a proprietary school or group of proprietary schools licensed in the ~~State~~ State with 100 or more total annual enrollment of students.

1 The appointing authorities shall appoint members who have a demonstrated history of
2 experience in proprietary or public postsecondary education, an understanding of standards of
3 quality in postsecondary education, and leadership beyond a particular institution."

4 **SECTION 6.2.(b)** G.S. 115D-90(b) reads as rewritten:

5 "(b) Application for a license shall be filed in the manner and upon the forms prescribed
6 and furnished by the State Board of Proprietary Schools for that purpose. Such application shall
7 be signed by the applicant and properly verified and shall contain such of the following
8 information as may apply to the particular school for which a license is sought:

9 ...

10 (7) Such additional information as the State Board, acting by and through the
11 State Board of Proprietary Schools, may deem necessary to enable it to
12 determine the adequacy of the program of instruction and matters pertaining
13 thereto. Each application shall be accompanied by a copy of the current
14 bulletin or catalog of the school which shall be in published form and certified
15 by an authorized official of the school as being current, true, and correct in
16 content and policy. The school bulletin shall contain the following
17 information:

18 ...

19 i. Policy and regulations of the institution relative to the refund of the
20 unused portion of tuition, fees and other charges in the event the
21 student does not enter the course or withdraws or is discontinued
22 therefrom. The policy and regulations shall comply with federal law
23 and provide for, at a minimum, a full refund if a student withdraws
24 before the first day of class or the school cancels the class and a
25 seventy-five percent (75%) refund if the student withdraws within the
26 first twenty-five percent (25%) of the period of enrollment for which
27 the student was charged, the following provisions to the extent those
28 provisions are not inconsistent with federal law:

29 1. If any of the following occur prior to the first day of class, a
30 student shall receive a one hundred percent (100%) refund,
31 including nonrefundable fees already paid:

32 I. The student withdraws.

33 II. The student is caused to withdraw by the school.

34 III. The school cancels the class.

35 2. If the student withdraws or is caused to withdraw by the school
36 on or before completing twenty-five percent (25%) of the
37 period of enrollment for which the student was charged, the
38 student shall receive a refund of seventy-five percent (75%),
39 excluding any disclosed nonrefundable fees.

40"

41 **SECTION 6.2.(c)** G.S. 115D-95(b) reads as rewritten:

42 "(b) Amount. – An applicant for a license must file a bond with the North Carolina State
43 Board of Community Colleges executed by the applicant as a principal and by a bonding
44 company authorized to do business in this State. The bond must be payable to the State Board of
45 Community Colleges, must be conditioned on fulfillment of the school's obligations, and must
46 remain in effect until cancelled by the bonding company. The bonding company may cancel the
47 bond upon 30 days' notice to the State Board of Community Colleges.

48 The application must set out calculations made by the applicant to determine the amount of
49 bond required with the application. The required amount is determined as follows:

50 (1) Initial licensure. – For an applicant for initial licensure of a school, the bond
51 amount is the amount determined by the State Board that is adequate to

provide indemnification to any student, or the student's parent or guardian who has suffered a loss of tuition, fees, or any other instructional-related expenses paid to the school. A bond amount shall be at least twenty-five thousand dollars (\$25,000).

(2) ~~First four renewals. Renewal of licensure. – For a school that has been licensed for one year but less than six years, For an applicant for renewal of licensure of a school, the bond shall be in an amount equal to the greatest amount of unearned paid tuition in the school's possession at anytime any time during the prior fiscal year.~~

(2a) Evaluations. – Bond amounts shall be evaluated as follows:

a. ~~The~~ For a school that has been licensed for one year, but less than six years, the bond amount shall be evaluated by the school quarterly and reported to the State Board or its representative. For a school that has been licensed for six years or more, if the State Board deems an evaluation necessary, the State Board may require the bond amount to be evaluated by the school quarterly and reported to the State Board or its representative.

b. A quarterly evaluation requiring an increase of five percent (5%) or more in the amount of the bond held by the school shall require an immediate increase in the bond amount.

c. Bond amounts ~~also~~ shall be evaluated pursuant to this subdivision and the rules of the State Board of Community Colleges and State Board of Proprietary Schools at the time of the school's annual license renewal and increased if necessary regardless of the amount of the change.

(3) ~~Schools in operation more than five years. – A guaranty bond shall be required for license renewal for a school that has been continuously licensed to operate for more than five years in the State, as follows:~~

a. ~~If the balance of the Student Protection Fund in G.S. 115D-95.1 is below the catastrophic loss amount, the school shall file a guaranty bond in an amount equal to the maximum amount of prepaid tuition held by the school during the prior fiscal year multiplied by the percentage amount the fund is deficient.~~

b. ~~If the school held prepaid tuition in excess of the Student Protection Fund catastrophic loss amount during the prior fiscal year, in addition to any bond amount required by sub-subdivision a. of this subdivision, the school shall file a guaranty bond for the difference between the prepaid tuition amount held in the previous fiscal year and the Fund catastrophic loss amount."~~

SECTION 6.2.(d) G.S. 115D-95.1 reads as rewritten:

"§ 115D-95.1. Student Protection Fund.

(a) Definitions. – As used in this section:

(1) "Catastrophic loss amount" means the amount of funds required to protect prepaid student tuition in case of a large-scale event that would draw against the Student Protection Fund. The amount is ~~one million dollars (\$1,000,000).~~ one million five hundred thousand dollars (\$1,500,000).

(2) "Fund cap amount" means the catastrophic loss amount plus a reserve amount. The amount is ~~one million five hundred thousand dollars (\$1,500,000).~~ two million dollars (\$2,000,000).

...

(f) ~~Suspension of Payments. – If the Student Protection Fund balance is equal to or exceeds the Fund cap amount, the State Board of Proprietary Schools shall suspend payments into the Fund for schools that have been continuously licensed in the State for more than eight years. The State Board of Proprietary Schools shall require schools to resume payments into the Fund if the balance of the Fund is less than the catastrophic loss amount. The State Board of Proprietary Schools shall suspend payments into the Fund, as follows:~~

- ~~(1) For schools that are currently licensed in this State, if the Student Protection Fund balance is equal to or exceeds the catastrophic loss amount.~~
- ~~(2) For schools applying for initial licensure with the State, if the Student Protection Fund balance is equal to or exceeds the fund cap amount.~~
- ~~(3) If the Student Protection Fund balance decreases below the catastrophic loss amount, the State Board shall reinstate the requirement for schools to make payments into the Fund.~~

...."

SECTION 6.2.(e) Subsection (a) of this section applies beginning with appointments made on or after the date this act becomes law. Subsection (b) of this section becomes effective July 1, 2024, and applies to licenses issued on or after that date. Subsections (c) and (d) of this section become effective July 1, 2025, and apply to licenses issued on or after that date. Except as otherwise provided, this section becomes effective July 1, 2024.

DIRECT THE STATE BOARD OF COMMUNITY COLLEGES TO REVISE ITS FUNDING MODEL FOR COMMUNITY COLLEGES AND ESTABLISH ENROLLMENT INCREASE RESERVE

SECTION 6.3.(a) The following session laws are repealed:

- (1) Subsection (b) of Section 8.3 of S.L. 2011-145.
- (2) Subsection (a) of Section 10.4 of S.L. 2013-360.

SECTION 6.3.(b) The State Board of Community Colleges shall revise its funding formula for community colleges and allocate funds under that revised formula, beginning with the 2024-2025 fiscal year, according to the following minimum criteria:

- (1) Each community college shall continue to receive a base allocation of funds.
- (2) In addition to the base allocation of funds, funds shall be provided to community colleges based on the number of full-time equivalent (FTE) students enrolled in curriculum, workforce continuing education, and Basic Skills courses.
- (3) Community colleges shall calculate FTE enrollment as the higher of the current year's total enrollment or the average enrollment of the last two academic years.
- (4) Funds allocated pursuant to subdivision (2) of this subsection shall be weighted based on the workforce sector of each course, as determined by the State Board. In making its determinations, the State Board shall consider salary data and labor market demand for the applicable workforce sector.

SECTION 6.3.(c) G.S. 115D-5 is amended by adding a new subsection to read:

"(aa) The State Board of Community Colleges shall review and revise, as necessary, its workforce sector designations for curriculum, workforce continuing education, and Basic Skills courses at community colleges by January 15, 2027, and every two years thereafter."

SECTION 6.3.(d) G.S. 115D-31(e) reads as rewritten:

"(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 the amount of receipts and fees above those budgeted to the Enrollment Growth Reserve.~~ may allocate those receipts to the community colleges for operating costs according to a formula adopted by the State Board. ~~Funds in the Enrollment Growth Reserve allocated pursuant to this~~

subsection shall not revert to the General Fund and shall remain available to the State Board until expended. ~~The State Board may allocate funds in this reserve to colleges experiencing an enrollment increase greater than five percent (5%) of budgeted enrollment levels."~~

SECTION 6.3.(e) G.S. 115D-31 is amended by adding a new subsection to read:

"(e1) The State Board shall administer the Enrollment Increase Reserve as provided in G.S. 115D-31.4."

SECTION 6.3.(f) Article 3 of Chapter 115D of the General Statutes is amended by adding the following new section to read:

"§ 115D-31.4. Enrollment Increase Reserve.

(a) There is established the Enrollment Increase Reserve (Reserve) to be administered by the State Board of Community Colleges. The purpose of the Reserve is to allow the State Board to provide funds to community colleges to account for enrollment increases beyond budgeted enrollment levels.

(b) Monies in the Reserve shall consist of funds appropriated by the General Assembly in the Current Operations Appropriations Act for a fiscal year. The State Board shall include in its annual enrollment request the appropriation to the Reserve that is needed to fund enrollment increases in the next fiscal year.

(c) The State Board may allocate monies from the Reserve to a community college with an eligible increase in full-time equivalent (FTE) enrollment according to a formula adopted by the State Board. An eligible increase in FTE enrollment is either of the following:

(1) An increase in FTE enrollment of more than five percent (5%) of the budgeted enrollment level in any of the following course categories:

a. Curriculum.

b. Workforce continuing education.

c. Basic Skills.

(2) An increase in total FTE enrollment of more than 325 students.

(d) Monies in the Reserve shall not revert at the end of each fiscal year but shall remain available until expended for the purposes of this section."

EXPAND CAREER AND COLLEGE READY GRADUATE PROGRAM

SECTION 6.4. Section 10.13(a) of S.L. 2015-241, as amended by Section 10.5 of S.L. 2016-94 and Section 9.4 of S.L. 2018-5, reads as rewritten:

"SECTION 10.13.(a) The State Board of Community Colleges, in consultation with the State Board of Education, shall develop a program for implementation beginning with model programs in the 2016-2017 school year that introduces the college developmental mathematics and developmental reading and English curriculums in the high school senior ~~year-year~~, including the immediately preceding summer, and provides opportunities for college remediation for students prior to high school graduation through cooperation with community college partners. Professional development for high school faculty shall begin with the 2018-2019 school year. The program shall be phased in by cohorts developed by the Department of Public Instruction beginning with the 2019-2020 school year. The program shall be fully implemented in all high schools statewide beginning with the 2020-2021 school year."

FUNDS FOR PREPARATION FOR EXPANSION OF IDD SERVICES IN NCCCS FOR HIGH SCHOOL STUDENTS

SECTION 6.5. Of the funds appropriated from the General Fund to the Community College System Office, the sum of two million dollars (\$2,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall be used for a year of preparation and planning to implement a program at community colleges that serve students with intellectual and developmental disabilities (IDD) and to build capacity to provide services to students between the ages of 16

and 24 with IDD, including high school students. Funds appropriated pursuant to this section shall be used for the following purposes:

- (1) To develop or provide funding for programs that result in micro-credentials and other credentials that lead to increased employment for students participating in the Career and College Promise Program.
- (2) To provide professional development for staff and faculty that focuses on developing and enhancing career pathways for students with IDD, with an emphasis on recruiting and retaining high school students with IDD.
- (3) To invest in student support services, including transportation, classroom modifications, and acquiring technology.
- (4) To review and revise policies and procedures to decrease barriers for high school students with IDD.
- (5) To hire short-term subject matter experts to consult on transition services for students with IDD.

WORKFORCE DIPLOMA PROGRAM/GRADUATION ALLIANCE

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

- (1) Provide one or more courses that help students obtain a high school diploma and enter or advance within a specific occupation or occupational cluster. Course completion shall be competency-based.
- (2) Assist students in obtaining employment, including resume development and mock interviews.
- (3) Include at least the following:
 - a. Proactive communication with students regarding their pace and progress through learning plans.
 - b. A plan for courses and credits needed for each student that integrates graduation requirements and career goals.
 - c. Mentoring services.
 - d. Milestone tracking.
 - e. Academic skill intake assessments and transcript evaluations.
 - f. A catalogue of courses necessary to meet graduation requirements.
 - g. Remediation opportunities in literacy and numeracy.
 - h. Employability skills certifications.
 - i. Preparation for workforce credentials.
 - j. Career advising services.

SECTION 6.6.(b) Report. – The Community Colleges System Office, in consultation with Graduation Alliance, Inc., shall submit a report by August 15, 2025, to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the impact of the Program, including at least the following information:

- (1) The number of participants.
- (2) The number of credits earned by participants.
- (3) The number of employability skills certifications issued to participants.
- (4) The number and type of workforce credentials earned by participants.
- (5) The number of participants who received a high school diploma.

- (6) The average funding provided per participant who received a high school diploma, credit, employability skills certification, or workforce credential.
- (7) The percentage of participants who received a high school diploma, credit, employability skills certification, or workforce credential.

LEARNING MANAGEMENT SYSTEM GRANT PROGRAM AND STATEWIDE SOLICITATION

SECTION 6.7.(a) Of the nonrecurring funds appropriated in this act to the Community Colleges System Office for the 2024-2025 fiscal year for a learning management system grant program, the State Board of Community Colleges shall establish a grant program beginning in the 2024-2025 fiscal year for a community college to receive funds to contract for an eligible learning management system for the college. These funds shall not revert at the end of the 2024-2025 fiscal year but shall remain available until expended. For purposes of this subsection, an "eligible learning management system" is a learning management system that is being used in the 2024-2025 school year by a majority of the students in the local school administrative unit or units in the service area of the community college. The State Board shall award grant funds to each community college of up to fifty percent (50%) of the cost incurred by the community college for the eligible learning management system.

SECTION 6.7.(b) The State Board of Community Colleges shall conduct a competitive solicitation, including a request for information or a request for proposals, to provide a learning management system to all community colleges. The competitive solicitation shall be completed by April 1, 2025. Answers to the competitive solicitation shall include information on how the learning management system would align with the learning management systems (i) offered by the Department of Public Instruction to local school administrative units and (ii) used by the constituent institutions of The University of North Carolina.

SECTION 6.7.(c) By May 1, 2025, the State Board shall report to the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, and the Fiscal Research Division on the information received pursuant to subsection (b) of this section.

PART VII. PUBLIC INSTRUCTION

VARIOUS EDUCATION REPORT CHANGES

SECTION 7.1.(a) G.S. 115C-12(25) is recodified as G.S. 115C-21(a)(10) and reads as rewritten:

"(10) Duty to Report to Joint Legislative Education Oversight Committee. – Upon the request of the Joint Legislative Education Oversight Committee, the ~~State Board Superintendent of Public Instruction~~ shall examine and evaluate issues, programs, policies, and fiscal information, and shall make reports to that Committee. Furthermore, by ~~November 15~~ March 15 of each year, the ~~State Board Superintendent of Public Instruction~~ shall submit reports to that Committee regarding schools identified as low-performing, school improvement plans found to significantly improve student performance, personnel actions taken in low-performing schools, and recommendations for additional legislation to improve student performance and increase local flexibility."

SECTION 7.1.(b) Subdivision (4) of subsection (d) of G.S. 115C-81.45 is repealed.

SECTION 7.1.(c) Subsection (b) of Section 7.17 of S.L. 2018-5 is repealed.

SECTION 7.1.(d) Subsection (d) of Section 7.32 of S.L. 2017-57 is repealed.

SECTION 7.1.(e) G.S. 115C-12(48) reads as rewritten:

"(48) Computer Science Reporting. – The State Board of Education shall report annually by ~~November 15~~ March 15 to the Joint Legislative Education Oversight

Committee, the Senate Appropriations Committee on Education/Higher Education, and the House Appropriations Committee on Education on the following data related to computer science participation. For each item, the report shall include (i) statewide data for the current school year, and the four years prior when data is available, to establish trends in computer science instruction and (ii) data for the current school year for each public school unit, disaggregated by school within that unit:

...."

SECTION 7.1.(f) G.S. 115C-316.2 is repealed.

SECTION 7.1.(g) G.S. 115C-316.5(a) reads as rewritten:

"(a) For the purposes of this section, the term "school health personnel" refers to ~~the same positions listed in G.S. 115C-316.2(a): school psychologists, school counselors, school nurses, and school social workers.~~"

SECTION 7.1.(h) G.S. 115C-299.5 reads as rewritten:

"§ 115C-299.5. Duty to monitor ~~the state of the teaching profession.~~ teacher attrition and mobility.

...

(b) ~~State of the Teaching Profession~~ Teacher Attrition and Mobility Report. – The State Board of Education shall monitor and compile an annual report to be submitted by the Department of Public Instruction by December 15–February 15 annually on the ~~state of the attrition and mobility of teachers in the~~ teaching profession in North Carolina that includes data on the decisions of teachers to leave the teaching profession and vacancies in teaching positions as provided in subsections (c) and (e) of this section. The State Board shall adopt standard procedures for each local board of education to use in requesting information required by this report and shall require each local board of education to report the information to the State Board in a standard format adopted by the State Board."

SECTION 7.1.(i) G.S. 115C-12(22), as amended by S.L. 2023-134, reads as rewritten:

"(22) Duty to Monitor the ~~State of the Teaching Attrition and Mobility of Teachers and the State of the School Administration Professions–Profession~~ in North Carolina. – The State Board of Education shall monitor and compile an annual report on the ~~state of the teaching attrition and mobility of teachers and the state of the school administration professions–profession~~ in North Carolina, as provided in G.S. 115C-289.2 and G.S. 115C-299.5."

SECTION 7.1.(j) G.S. 115C-289.2(d) reads as rewritten:

"(d) Report Consolidation. – The report required by this section shall be consolidated with ~~the report on the State of the Teaching Profession–Teacher Attrition and Mobility Report~~ required by G.S. 115C-299.5."

SECTION 7.1.(k) G.S. 115C-269.50 reads as rewritten:

"§ 115C-269.50. EPP report cards.

The State Board shall create an annual report card for each EPP that, at a minimum, summarizes the information collected in the annual performance reports, as set forth in G.S. 115C-269.35(b). The report cards shall provide user-friendly access to the public, and shall provide the ability to easily compare annual report card information between EPPs, including performance and other data reported by each EPP, as provided in G.S. 115C-269.35(b). The State Board shall make the report cards available to the public through the State Board's Internet ~~Web site–website~~ on an annual basis beginning ~~December 15, 2019, February 15, 2025, and the Department of Public Instruction~~ shall submit the report to the Joint Legislative Education Oversight Committee annually by that date."

SECTION 7.1.(l) Subsection (b) of Section 8.30 of S.L. 2015-241 is repealed.

SECTION 7.1.(m) Section 7.20(b) of S.L. 2021-180 reads as rewritten:

"**SECTION 7.20.(b)** The Department shall report to the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, the Fiscal Research Division, and the Joint Legislative Education Oversight Committee by ~~March 15, 2022,~~ September 15, 2024, and annually thereafter, on implementation of the platform, including integration of the technology with outside entities, such as educator preparation programs (EPPs) and businesses, and data on user outcomes, including at least the following:

- (1) The number of user accounts, visitors to the website, and web-initiated chats.
- (2) The number of users who were seeking teacher licensure who applied to institutions with an EPP after visiting the TeachNC web platform and, of those users, the number of users who successfully enrolled into institutions with an EPP and who completed teacher licensure programs.
- (3) The number of users who applied for employment in public schools after visiting the TeachNC web platform and the number of teachers who continue to teach in the public schools after finding employment utilizing TeachNC.

The report submitted by March 15, 2022, shall also include any recommendations by the Department on potential cost-sharing arrangements or public-private partnerships with outside entities for ongoing sustainability or continued growth of the recruitment initiative."

SECTION 7.1.(n) G.S. 115C-450(d) reads as rewritten:

"(d) No later than ~~May 15, 2022, and every six months thereafter,~~ February 15 of each year, the Department of Public Instruction shall report all the following information to the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, and the Fiscal Research Division:

...."

SECTION 7.1.(o) G.S. 115C-218.42(e) reads as rewritten:

"(e) Reporting. – No later than ~~March-August~~ February 15 of each year in which funds are awarded under the Program, the Department shall report to the Joint Legislative Education Oversight Committee, the Joint Legislative Transportation Oversight Committee, the Senate Appropriations/Base Budget Committee, the House Committee on Appropriations, and the Fiscal Research Division on the administration of the Program, including at least the following information:

...."

SECTION 7.1.(p) G.S. 115C-218.110(b) reads as rewritten:

"(b) The State Board of Education shall review and evaluate the educational effectiveness of the charter schools authorized under this Article and the effect of charter schools on the public schools in the local school administrative unit in which the charter schools are located. The Board shall report annually no later than ~~June-August~~ February 15 to the Joint Legislative Education Oversight Committee on the following:

...."

SECTION 7.1.(q) G.S. 115C-107.5 reads as rewritten:

"§ **115C-107.5. Annual reports.**

The State Board shall ~~report send~~ submit a copy of the annual report submitted as part of the State Performance Plan and Annual Performance Report that is submitted to the United States Department of Education and United States Office of Special Education Programs no later than October 15 of each year to the Joint Legislative Education Oversight Committee on the implementation of this Article and the educational performance of children with disabilities. The report may be filed electronically. ~~Each annual report shall include the following information:~~

- (1) ~~A copy of the following documents that were submitted, received, or made public during the year:~~
 - a. ~~The most recent State performance plan and any amendments to that plan submitted to the Secretary of Education.~~

- ~~b. Compliance and monitoring reports submitted to the Secretary of Education.~~
- ~~c. The annual report submitted to the Secretary of Education on the performance of the State under its performance plan.~~
- ~~d. Any other information required under IDEA to be made available to the public.~~
- ~~(2) An analysis of the educational performance of children with disabilities in the State and a summary of disputes under Part 1D of this Chapter.~~
- ~~(3) Development and implementation of any policies related to improving outcomes for elementary and secondary school students with disabilities, including any changes related to the directives set forth in Section 8.30 of S.L. 2015-241 as follows:~~
- ~~a. Reforms related to IEP requirements.~~
- ~~b. Transition services for students with disabilities from elementary to middle school, middle to high school, and high school to postsecondary education, and for employment opportunities and adult living options.~~
- ~~c. Increased access to Future Ready Core Course of Study for students with disabilities.~~
- ~~d. Model programs for use by local school administrative units to improve graduation rates and school performance of students with disabilities."~~

SECTION 7.1.(r) G.S. 115C-107.3 reads as rewritten:

"§ 115C-107.3. Child find.

(a) The Board shall require an annual census of all children with disabilities residing in the State, subdivided for "identified" and "suspected" children with disabilities, to be taken in each school year. Suspected children are those in the formal process of being evaluated or identified as children with disabilities. The census shall be conducted annually and shall be completed by October 15, submitted to the Governor and General Assembly and made available to the public by January 15 annually. The census submitted to the General Assembly may be a copy of any information or any report submitted to the federal government as part of compliance with the Individuals with Disabilities Education Act pursuant to 20 U.S.C. § 1418.

(b) In taking the census, the Board requires the cooperation, participation, and assistance of all local educational agencies. Therefore, each local educational agency shall cooperate and participate with and assist the Board in conducting the census.

(c) The census shall include the number of children identified and suspected with disabilities, their age, the nature of their disability, their county or city of residence, their local school administrative unit residence, whether they are being provided special educational or related services and if so by what local educational agency, the identity of each local educational agency having children with disabilities in its care, custody, management, jurisdiction, control, or programs, the number of children with disabilities being served by each local educational agency, and any other information or data that the Board requires. The census shall be of children with disabilities between the ages three through 21 but is not required to include children with disabilities that have graduated from high school."

NEW COOPERATIVE INNOVATIVE HIGH SCHOOLS

SECTION 7.2.(a) Of the four hundred seventy-five thousand dollars (\$475,000) in recurring funds appropriated to the Department of Public Instruction in this act for the 2024-2025 fiscal year for two new cooperative innovative high schools, the Department shall allocate supplemental funds for the following cooperative innovative high schools to their respective local

school administrative units in amounts consistent with those set forth in G.S. 115C-238.54A, as enacted by this section, beginning with the 2024-2025 school year:

(1) Dare Early College High School.

(2) Rockingham County CTE Innovation High School.

SECTION 7.2.(b) Beginning with the 2024-2025 school year and for subsequent school years thereafter, notwithstanding G.S. 115C-238.51A(c), G.S. 115C-238.54, and any other provision of law to the contrary, Dare Early College High School and Rockingham County CTE Innovation High School shall be permitted to operate in accordance with G.S. 115C-238.53 and G.S. 115C-238.54 as cooperative innovative high schools approved under G.S. 115C-238.51A(c) and shall be subject to the evaluation requirements of G.S. 115C-238.55.

SECTION 7.2.(c) Part 9 of Article 16 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-238.54A. Cooperative innovative high schools – supplemental allotment funding based on county development tier designation.

(a) Allocation of Funding. – The Department shall allocate cooperative innovative high school supplemental allotment funds to local school administrative units with a cooperative innovative high school approved pursuant to G.S. 115C-238.51A(c) based on developmental tier area, as defined in G.S. 143B-437.08, as follows:

(1) Local school administrative units located in a development tier one area shall be allocated funding as follows:

a. The sum of two hundred seventy-five thousand dollars (\$275,000) in recurring funds for each cooperative innovative high school in the unit.

b. For a virtual cooperative innovative high school, the sum of two hundred thousand dollars (\$200,000) in recurring funds for each fiscal year.

c. For the Northeast Regional School of Biotechnology and Agriscience, the Department shall allocate the sum of three hundred ten thousand dollars (\$310,000) in recurring funds from the regional school supplemental allotment for the school for each fiscal year.

(2) Local school administrative units located in a development tier two area shall be allocated the sum of two hundred thousand dollars (\$200,000) in recurring funds for each cooperative innovative high school in the unit.

(3) Local school administrative units located in a development tier three area shall be allocated the sum of one hundred eighty thousand dollars (\$180,000) in recurring funds for each cooperative innovative high school in the unit.

(b) Applicability of Funds. – The allotment of funds to local school administrative units pursuant to subsection (a) of this section shall include cooperative innovative high schools approved pursuant to G.S. 115C-238.51A(c) operated by a local school administrative unit regardless of not receiving allotments in a prior fiscal year. Funds shall not be allocated to local school administrative units for cooperative innovative high schools approved by the State Board pursuant to G.S. 115C-238.51A(b)."

EXPAND AND MODIFY REPORT ON EXTRAORDINARY COSTS FOR STUDENTS WITH DISABILITIES

SECTION 7.3. Section 7.49 of S.L. 2023-134 reads as rewritten:

"SECTION 7.49. As used in this section, "Approved School" means a private school with approved nonpublic education programs providing special education for students with intensive needs. The Department of Public Instruction shall study the following and report any legislative recommendations based on the outcomes of the study to the House Appropriations Committee on Education, the Senate Appropriations Committee on Education/Higher Education, and the Joint Legislative Education Oversight Committee by ~~January 15, 2024~~; January 15, 2025:

(1) A method of improving options for children with disabilities with intensive needs which require private placement in an Approved School consistent with the student's individualized education program (IEP).

...

(11) The creation of a grant program for local school administrative units to apply for funds to cover extraordinary costs of children with disabilities. The Department of Public Instruction shall consult with the Department of Health and Human Services, Division of Health Benefits, on opportunity for Medicaid reimbursement for services provided to students with disabilities in Approved Schools and the impact of Medicaid reimbursement on the cost of student placements in Approved Schools. Reported recommendations on this grant program shall include at least the following:

- a. Costs associated with placement in Approved Schools in accordance with a student's IEP.
- b. Potential sources of funding for the grant program.
- c. Methods of oversight to be used by the Department during administration of the grant program."

ADVANCED COURSEWORK AND AIG CHANGE

SECTION 7.4.(a) G.S. 115C-81.36 reads as rewritten:

"§ 115C-81.36. Advanced courses in ~~mathematics~~mathematics and English Language Arts.

(a) When practicable, local boards of education shall offer advanced learning opportunities ~~in mathematics~~ in grades three through five, and advanced courses ~~in mathematics~~ in all grades six and higher. For the purposes of this section, advanced learning opportunities are those services and curricular modifications in mathematics and English Language Arts for academically or intellectually gifted students approved as part of the local plan, as required by ~~G.S. 115C-150.7~~G.S. 115C-150.7, and advanced courses are advanced courses in mathematics and English Language Arts.

(a1) When advanced learning opportunities are offered ~~in mathematics~~ in grades three through five, any student scoring at the highest level on the corresponding end-of-grade test shall, for the next school year, be provided advanced learning opportunities ~~in mathematics~~ approved for that student's grade level. ~~No student who qualifies under this subsection shall be removed from the advanced learning opportunity provided to the student unless a parent or guardian of the student provides written consent for the student to be excluded or removed after being adequately informed that the student's placement was determined by the student's achievement on the previous end-of-grade test.~~

(b) When advanced courses are offered ~~in mathematics~~ in grades six and higher, any student scoring at the highest level on the corresponding end-of-grade or end-of-course test for the ~~mathematics~~ course in which the student was most recently enrolled shall be enrolled in the advanced course for the next ~~mathematics~~ course in which the student is enrolled. ~~A student in seventh grade scoring at the highest level on the seventh grade mathematics end-of-grade test shall be enrolled in a high school level mathematics course in eighth grade. Local boards of education may provide supplemental content enrichment, which may include the administration of diagnostic assessments, to students enrolled in a high school level mathematics course. No student who qualifies under this subsection shall be removed from the advanced or high school mathematics course in which the student is enrolled unless a parent or guardian of the student provides written consent for the student to be excluded or removed from that course after being adequately informed that the student's placement was determined by the student's achievement on the previous end-of-grade or end-of-course test.~~

(b1) When a high school mathematics course is offered in eighth grade, a student in seventh grade scoring at the highest level on the seventh grade mathematics end-of-grade test shall be enrolled in a high school level mathematics course in eighth grade. Local boards of education may provide supplemental content enrichment, which may include the administration of diagnostic assessments, to students enrolled in a high school level mathematics course.

(c) ~~By December 15, 2020, December 15, 2025, and annually thereafter, the Department of Public Instruction shall submit a report to the Joint Legislative Education Oversight Committee containing data collected for the current school year on the number and demographics~~ number, demographics, and socioeconomic status of students who were eligible for advanced mathematics courses under this section, including high school level mathematics courses in eighth grade, and of those students, the number and demographics ~~number, demographics, and socioeconomic status of those who were placed in advanced mathematics courses and were not placed in advanced mathematics courses. The report shall include information on the type and format of advanced mathematics courses provided and shall also include any feedback provided by local boards of education on the implementation of this section.~~

(d) The Department of Public Instruction shall provide guidance to local boards of education on how to best develop programming and courses to ensure all impacted students receive rigorous, academically appropriate instruction in ~~mathematics~~ mathematics and English Language Arts. The Department shall create a standard form to be used to inform parents about the value of advanced courses and that students scoring at the highest level have demonstrated the ability to master the material to be taught in the advanced course.

(e) No student who qualifies for advanced learning opportunities or advanced courses under this section shall be removed from the advanced learning opportunity or advanced course provided to the student unless a parent or guardian of the student provides written consent for the student to be excluded or removed after being adequately informed that the student's placement was determined by the student's achievement on the previous end-of-grade test. Local school administrative units may provide advanced learning opportunities or advanced courses to students who do not otherwise qualify under this subsection."

SECTION 7.4.(b) No later than December 31, 2024, the Department of Public Instruction shall develop a uniform definition of "advanced courses" to be used in all public school units of the State and make this definition available to all public school units in the State. This definition shall apply, at a minimum, to advanced courses offered in accordance with G.S. 115C-81.36 beginning with the 2025-2026 school year.

SECTION 7.4.(c) G.S. 115C-270.30(b) is amended by adding a new subdivision to read:

"(1a) For all teachers, at least one-half credit in advanced or accelerated learning with an emphasis on instructional strategies that enable teachers to cultivate and respond to students with advanced learning needs."

SECTION 7.4.(d) G.S. 115C-269.20(a)(1) is amended by adding a new sub-subdivision to read:

"a1. Instruction of advanced or gifted students with an emphasis on instructional strategies that enable teachers to cultivate and respond to students with advanced learning needs."

SECTION 7.4.(e) The State Board of Education shall adopt rules to comply with subsections (c) and (d) of this section prior to the start of the 2025-2026 school year. The Board may adopt temporary rules to enact the provisions of this section until permanent rules are adopted.

SECTION 7.4.(f) The Department of Public Instruction shall partner with Johns Hopkins University to study the effects of automatic enrollment in advanced courses on student outcomes. The study shall include up to 10 districts representing various regions of the State, various average daily membership allotments, various demographics, and various socioeconomic

1 statuses. The study shall take place over the course of one academic year. The Department shall
2 report the results of the study to the Joint Legislative Education Oversight Committee no later
3 than December 1 following the completion of the study.

4 **SECTION 7.4.(g)** This section is effective when it becomes law. Subsection (a) of
5 this section applies beginning with the 2025-2026 school year. Subsection (c) of this section
6 applies beginning with teachers applying for license renewal in the 2028-2029 school year.
7 Subsection (d) of this section applies beginning with students entering an educator preparation
8 program in the 2025-2026 school year.

10 **PROVIDE ACCESS TO ASVAB IN ALL SCHOOLS**

11 **SECTION 7.5.(a)** Article 7B of Chapter 115C of the General Statutes is amended
12 by adding a new Part to read:

13 "Part 7. Military or Vocational Aptitude Test.

14 "§ 115C-76.80. Armed Services Vocational Aptitude Battery.

15 (a) Every public school unit shall provide students in grades 10 through 12 the
16 opportunity to (i) take the Armed Services Vocational Aptitude Battery test (ASVAB) and (ii)
17 consult with a military recruiter. Public school units shall not require students to take the
18 ASVAB.

19 (b) The ASVAB shall be administered during regular instructional hours at a time that
20 limits conflicts with extracurricular activities.

21 (c) Each public school unit shall provide each student in grades 10 through 12 and the
22 student's parent a notice of the date, time, and location of the scheduled administration of the
23 ASVAB at least 30 calendar days prior to the administration of the ASVAB."

24 **SECTION 7.5.(b)** This section is effective when it becomes law and applies
25 beginning with the 2024-2025 school year.

27 **PROVIDE ADDITIONAL FUNDS TO CTE HOMEBUILDING**

28 **SECTION 7.6.** Section 7.19(a) of S.L. 2023-134 reads as rewritten:

29 **"SECTION 7.19.(a)** Of the funds appropriated to the Department of Public Instruction in
30 this act from the General Fund, the Department shall use ~~up to two hundred seventy-five thousand~~
31 ~~dollars (\$200,000)~~ (\$275,000) in recurring funds to provide grants to assist public school units
32 with program costs associated with CTE programs related to homebuilding. The Department of
33 Public Instruction shall permit high schools within public school units to use the U.S. Department
34 of Labor approved Pre-Apprenticeship Certificate Training (PACT) program, developed by the
35 Home Builders Institute as an approved curriculum for CTE programs. A public school unit or a
36 regional partnership of more than one public school unit may apply to receive funds. When
37 awarding grants under this subsection, the Department shall prioritize public school units (i)
38 located, in whole or in part, in a county with at least one local school administrative unit that
39 received low-wealth supplemental funding in the previous fiscal year and (ii) that have a high
40 population of at-risk students or students with disabilities."

42 **CYBERBULLYING MITIGATION, STUDENT MONITORING, AND SUICIDE** 43 **PREVENTION PROGRAM**

44 **SECTION 7.7.(a)** Of the funds remaining from the two million one hundred
45 thousand dollars (\$2,100,000) allocated to the Department of Public Instruction pursuant to
46 subdivision (3) of subsection (b) of Section 7.15 of S.L. 2023-134 and the recurring funds
47 appropriated by S.L. 2023-134 to the Department of Public Instruction to contract with Liminex,
48 Inc., d/b/a GoGuardian (GoGuardian), the Department shall use the funds to contract with
49 GoGuardian for a pilot program for use of services and technology to mitigate cyberbullying,
50 monitor student internet activity, and assist with suicide prevention services in one or more local
51 school administrative units. The services and technology provided shall not be used to supplant

similar services and technology previously paid for using local funds. Funds allocated pursuant to this section shall not be allocated on the basis of average daily membership.

SECTION 7.7.(b) The Department shall report to the Joint Legislative Education Oversight Committee on the outcomes of local school administrative units participating in the pilot program established in subsection (a) of this section no later than September 15, 2025, and each year thereafter that funds are made available for this purpose. The report shall include at least the following:

- (1) The local school administrative units using the services and technology.
- (2) The number of students and teachers using the services and technology.
- (3) Aggregated and anonymized instances of cyberbullying identified by the services or technology and any steps taken by the local school administrative unit or school to remediate the instances.
- (4) Aggregated and anonymized instances of suicidal behavior identified by the services or technology and any steps taken by the local school administrative unit or school to remediate the instances.

REGULATE THIRD-PARTY CONTRACTS TO PROVIDE PHOTOGRAPHY OR OTHER SERVICES FOR PARENTAL PURCHASE THROUGH SCHOOLS

SECTION 7.8.(a) Article 17 of Chapter 115C of the General Statutes is amended by adding a new Part to read:

"Part 4. School-Directed Contracts.

"§ 115C-266. Regulation of school-directed contracts.

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

- (1) Direct incentive. – A gift or other consideration given to an individual or school to influence the use of a specific vendor for a school-directed contract. Direct incentives do not include articles of merchandise or food with a value of ten dollars (\$10.00) or less per person, promotional materials, educational materials, or student identification cards.
- (2) Indirect incentive. – A return of a portion of the proceeds to a school administrator or school from the purchase price paid by the consumer to the vendor for goods or services under a school-directed contract.
- (3) School-directed contract. – A contract facilitated by a local board of education or school personnel that provides a vendor exclusive access to sell photography services, yearbooks, or other school-related services to students and their parents or guardians.
- (4) School personnel. – School personnel as defined in G.S. 115C-332.

(b) No school, local board of education member, or school personnel shall receive a direct or indirect incentive from a school-directed contract. A school employee that violates this section shall be subject to disciplinary action for failure to fulfill the responsibilities imposed by the General Statutes.

(c) An individual that gives, offers, or promises a direct or indirect incentive to a school, local board of education member, or school personnel for the purpose of influencing a school-directed contract is guilty of a Class 2 misdemeanor."

SECTION 7.8.(b) This section is effective when it becomes law and applies beginning with school-directed contracts entered into on or after July 1, 2024.

MOVE RENEWAL SCHOOL REVIEW DATES

SECTION 7.9. Subsection (p) of Section 6 of S.L. 2018-32 reads as rewritten:

"SECTION 6.(p) State Board of Education Review; Termination of Plan. – The State Board shall conduct a review of the operation and student performance of the local school administrative unit operating under an approved renewal school system plan following the end of the ~~2022-2023~~

2028-2029 school year and, at least every ~~three~~ five years thereafter, to ensure that the unit is meeting the expected academic, financial, and governance strategic goals set forth in the local board of education's plan. The State Board may terminate the renewal school system plan after a review upon any of the following grounds:

- (1) Failure to meet the requirements for student performance contained in the plan.
- (2) The majority of schools in the local school administrative unit have been identified as low-performing schools in the two school years immediately preceding the review.

If the State Board determines that the local school administrative unit operating under an approved renewal school system plan has failed to meet generally accepted standards of fiscal management or violated State or federal law, the State Board may terminate the renewal school system plan prior to the end of ~~2022-2023~~ the 2028-2029 school year. In addition, if the State Superintendent finds that satisfactory progress is not being made after reviewing the reports required to be submitted under subsection (q) of this section, the State Superintendent shall recommend to the State Board that the renewal school system plan be terminated immediately. The State Board shall terminate the renewal school system plan if such a recommendation is made by the State Superintendent.

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

CHANGE LOW-WEALTH ALLOTMENT FORMULA

SECTION 7.10.(a) G.S. 115C-472.17(h), as enacted by Section 7.3 of S.L. 2023-134, reads as rewritten:

"(h) Counties Containing a Base of the Armed Forces. – Notwithstanding any other provision of this section, counties ~~containing a base of the Armed Forces of the United States that have an average daily membership of more than 17,000 students receiving Impact Aid for Federally Connected Children pursuant to 20 U.S.C. § 7703~~ shall receive whichever is the higher amount in each fiscal year as follows: either the amount of supplemental funding the county received as a low-wealth county in the ~~2012-2013~~ 2023-2024 fiscal year or the amount of supplemental funding the county is eligible to receive as a low-wealth county pursuant to the formula for distribution of supplemental funding under the other provisions of this section."

SECTION 7.10.(b) This section is effective when it becomes law and applies beginning with the 2024-2025 school year.

INCREASE TO SMALL COUNTY SUPPLEMENT

SECTION 7.11. G.S. 115C-472.18(a) reads as rewritten:

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

Allotted ADM	Small County Allotment
0-1,300	~~\$1,820,000~~ <u>\$2,061,069</u>
1,301-1,700	~~\$1,774,700~~ <u>\$2,015,769</u>
1,701-2,000	~~\$1,729,400~~ <u>\$1,970,469</u>
2,001-2,300	~~\$1,684,100~~ <u>\$1,925,169</u>
2,301-2,600	~~\$1,638,800~~ <u>\$1,879,869</u>
2,601-2,800	~~\$1,593,500~~ <u>\$1,834,569</u>
2,801-3,300	~~\$1,548,200~~ <u>\$1,789,269"</u>

ALLOW INCREASING ENGAGEMENT IN STEM PROGRAM FUNDS TO CARRY FORWARD

SECTION 7.12. Notwithstanding any provision of law to the contrary, any funds appropriated for STEM Grants for the Increasing Engagement in STEM Program established pursuant to Section 7.22 of S.L. 2023-134 for the 2023-2024 fiscal year shall not revert but shall remain available until the end of the 2024-2025 fiscal year.

CAREER DEVELOPMENT PLAN PROGRAM SUPPORT

SECTION 7.13.(a) Of the funds appropriated to the Department of Public Instruction from the General Fund for career development plan support, the Department shall use four hundred seventy-five thousand dollars (\$475,000) in recurring funds to contract with Year13, Inc., to ensure all students enrolled in local school administrative units are able to complete a career development plan in accordance with G.S. 115C-158.10 during the fall semester of the 2024-2025 school year. The contract shall ensure that Year13, Inc.'s, career development tool is available, at a minimum, each school year through the 2026-2027 school year. Year13, Inc., shall focus implementation efforts on local school administrative units experiencing difficulties with implementing career development plans pursuant to G.S. 115C-158.10.

SECTION 7.13.(b) No later than December 15, 2024, and annually thereafter, the Department shall report to the Joint Legislative Education Oversight Committee, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research Division on the following:

- (1) For only the report due December 15, 2024, the process of integrating Year13, Inc.'s, student career planning tool with NCCareers.org and any difficulties or delays associated with the integration.
- (2) A list of all local school administrative units served by Year13, Inc.
- (3) Local school administrative units that received additional focus due to difficulties implementing career development plans.
- (4) Any other information the Department deems necessary.

MATH THAT COUNTS PILOT PROGRAM

SECTION 7.14.(a) State Goal. – The goal of the State is to ensure that every student meets or exceeds expected mathematics learning by the end of fifth grade and continues to progress so that he or she can have the understanding and skills needed for secondary education and career success.

SECTION 7.14.(b) Program Established; Purpose. – There is established the Math That Counts Pilot Program (Program). The Program shall begin with the 2024-2025 school year and conclude at the end of the 2027-2028 school year. The purposes of the Program are to ensure that (i) challenges with developing grade level mathematics proficiency are identified before students transition to sixth grade, (ii) students receive appropriate mathematics interventions to address mathematics challenges and accelerate learning, and (iii) each student and his or her parent or guardian be informed of the student's academic needs and progress.

SECTION 7.14.(c) Participating local boards of education shall do the following as part of the Program:

- (1) Implement high-quality mathematics instruction that meets the following criteria:
 - a. Aligns with the North Carolina Standard Course of Study.
 - b. Is evidence-based.
 - c. Engages students and provides them with relevant challenges and pathways to deeper understanding.

- d. Includes materials to support the teacher in facilitating and encouraging active student questioning and discussion.
- e. Provides students at all levels of language proficiency with opportunities to use written and oral forms of communication to learn and demonstrate understanding of mathematics skills.
- (2) Assess students in fourth and fifth grade at least three times per year in mathematics using the i-Ready assessment platform.
- (3) Use the Zearn Math learning platform and services in elementary schools and middle schools located in their respective local school administrative units to address challenges with developing grade level mathematics proficiency.
- (4) For students who are not grade level proficient on mathematics standards by the end of fifth grade, as demonstrated by the end-of-grade assessment required by G.S. 115C-174.11(c)(1), provide interventions and learning acceleration services documented in a Mathematics Success Plan (MSP) that meets the requirements of subsection (d) of this section.
- (5) By September 1 following any school year in which the local board of education participated in the Program, report to the Department of Public Instruction the following information on the prior school year:
 - a. A description of mathematics interventions provided to students with MSPs.
 - b. The student identification numbers of students with MSPs.

SECTION 7.14.(d) The following shall apply to MSPs developed by participating local boards of education:

- (1) The MSP shall be created prior to the start of sixth grade and made available to the student's sixth grade teacher prior to the start of the school year. Students shall continue to receive an MSP through the end of eighth grade or when the student demonstrates grade level proficiency on the end-of-grade assessment, whichever is earlier.
- (2) The MSP shall be regularly adjusted based on multiple data sources, indicating that the student is not progressing toward grade level mathematics proficiency in one or more major mathematics standards. Based on the most recently collected data, an MSP shall include the following information, specific to the identified student:
 - a. The specific mathematics standards for which the student is experiencing challenges in developing grade level mathematics proficiency as identified by the assessment data.
 - b. Goals and benchmarks for growth.
 - c. The means by which progress will be monitored and evaluated.
 - d. The specific additional mathematics interventions the student will receive.
 - e. Any additional services the teacher deems appropriate to accelerate the student's progress toward grade level mathematics proficiency.
- (3) A student's parent or guardian shall be given notice that the student has been identified as experiencing challenges with developing grade level mathematics proficiency and that an MSP has been developed. The notice shall provide the parent or guardian the following:
 - a. Specific strategies that can be easily understood and implemented to assist the student in becoming grade level proficient on mathematics standards.
 - b. Encouragement to select one or more strategies for use at home that build on the student's interests and are most likely to engage the

student and result in progress toward grade level mathematics proficiency.

- c. Direction to free online or hard copy mathematics resources and tools that can be accessed via a prominently displayed area on the homepage of the primary website maintained by the Department of Public Instruction.

(4) A multitiered system of support intervention may be used to satisfy the requirements of this section if all of the components of subdivision (2) of this subsection are incorporated in the intervention.

(5) The Department shall develop the following model documentation of compliance with the requirements of this section:

- a. An MSP checklist.
- b. An alternative document for use with a multitiered system of support intervention.

SECTION 7.14.(e) EVAAS Data Analysis. – When practicable, the Department of Public Instruction shall make available all formative and diagnostic assessment data collected pursuant to subdivision (2) of subsection (c) of this section for fourth and fifth grade students for EVAAS analysis. The Department shall use a uniform template for all data collected, and the template shall be used each time data is provided. The template shall include clear designations for each data component reported.

SECTION 7.14.(f) Evaluation. – The Office of Learning Research, as established by Section 8.7 of this act, shall evaluate the effectiveness of the Program. The Office of Learning Research shall compare the outcomes of the Program to the outcome of the Carnegie PRISM teacher-focused program as part of the evaluation.

SECTION 7.14.(g) Report. – Beginning December 15, 2025, and ending December 15, 2028, the Department of Public Instruction shall report annually to the Joint Legislative Education Oversight Committee on the following information for participating local boards of education during the prior school year:

- (1) The number and percentage of fourth grade students demonstrating and not demonstrating grade level mathematics proficiency on the end-of-grade mathematics assessment.
- (2) The number and percentage of fifth grade students demonstrating and not demonstrating grade level mathematics proficiency on the end-of-grade mathematics assessment.
- (3) For students who received an MSP pursuant to subdivision (4) of subsection (d) of this section:
 - a. A description of mathematics interventions provided to students.
 - b. The number and percentage of sixth grade students demonstrating and not demonstrating grade level mathematics proficiency on the end-of-grade mathematics assessment.
 - c. The number and percentage of seventh grade students demonstrating and not demonstrating grade level mathematics proficiency on the end-of-grade mathematics assessment.
 - d. The number and percentage of eighth grade students demonstrating and not demonstrating grade level mathematics proficiency on the end-of-grade mathematics assessment.

SECTION 7.14.(h) Grant Funds. – The Golden LEAF Foundation shall provide grants totaling seven million nine hundred thousand dollars (\$7,900,000) to participating local boards of education identified by the Superintendent of Public Instruction pursuant to subsections (i) through (l) of this section to contract with Zearn for use of the Zearn Math learning platform and intensive support. The Golden LEAF Foundation shall allocate at least twenty thousand

dollars (\$20,000) for each elementary and middle school in a participating local school administrative unit.

SECTION 7.14.(i) Cohort 1. – For the 2024-2025 through the 2027-2028 school years, the Superintendent of Public Instruction shall offer local boards of education of the following local school administrative units the opportunity to participate in the Program:

- (1) Columbus County Schools.
- (2) Lenoir County Public Schools.
- (3) Nash County Public Schools.
- (4) Rockingham County Schools.
- (5) Wayne County Public Schools.
- (6) Whiteville City Schools.

SECTION 7.14.(j) Cohort 2. – For the 2025-2026 through the 2027-2028 school years, the Superintendent of Public Instruction shall offer local boards of education of the following local school administrative units the opportunity to participate in the Program:

- (1) Duplin County Schools.
- (2) Graham County Schools.
- (3) Halifax County Schools.
- (4) Martin County Schools.
- (5) Roanoke Rapids Graded School District.
- (6) Weldon City Schools.

SECTION 7.14.(k) Cohort 3. – For the 2026-2027 through the 2027-2028 school years, the Superintendent of Public Instruction shall offer local boards of education of the following local school administrative units the opportunity to participate in the Program:

- (1) Beaufort County Schools.
- (2) Bertie County Schools.
- (3) Bladen County Schools.
- (4) Caswell County Schools.
- (5) Edgecombe County Public Schools.
- (6) Greene County Schools.
- (7) Mitchell County Schools.
- (8) Northampton County Schools.
- (9) Washington County Schools.

SECTION 7.14.(l) Right of Refusal. – A local board of education offered participation in the Program may decline to participate in the Program. If a local board of education declines to participate in the Program, the Superintendent of Public Instruction may offer another local board of education the opportunity to participate in the same cohort of the Program, provided the local board of education meets the following criteria:

- (1) Is located in a development tier one area as of the effective date of this section.
- (2) Is below proficiency in math.

SECTION 7.14.(m) Purchase of Diagnostic Assessments. – Of the funds appropriated from the General Fund to the Department of Public Instruction, the sum of nine hundred thousand dollars (\$900,000) in recurring funds for the 2024-2025 fiscal year shall be distributed to local school administrative units participating in the Program on the basis of average daily membership in grades four and five. Local school administrative units participating in the Program shall use these funds to purchase the diagnostic assessments required pursuant to subdivision (2) of subsection (c) of this section. If the funds appropriated for this purpose are not sufficient to purchase all of the necessary diagnostic assessments, the Department may allocate additional funds from the State Public School Fund to meet any additional requirements. At the conclusion of the Program, when developing the base budget, as defined in G.S. 143C-1-1, for the 2027-2029 fiscal biennium, and subsequent fiscal biennia, the Director of the Budget shall not include these funds beginning in the 2028-2029 fiscal year.

SECTION 7.14.(n) Effective Date. – This section is effective when it becomes law and applies beginning with the 2024-2025 school year.

ALLOW SCHOOL BOARDS TO USE EMINENT DOMAIN FOR EASEMENTS

SECTION 7.15. G.S. 115C-517 reads as rewritten:

"§ 115C-517. Acquisition of sites.

Local boards of education may acquire suitable sites for schoolhouses or other school facilities either within or without the local school administrative unit; but no school may be operated by a local school administrative unit outside its own boundaries, although other school facilities such as repair shops, may be operated outside the boundaries of the local school administrative unit. Whenever any ~~such board~~ local board of education is unable to acquire or enlarge a suitable ~~site or right-of-way~~ site, right-of-way, or easement, including utility easements necessary to support school facilities situated on a site, for a school, school building, school bus garage or ~~for a~~ parking area or access road suitable for school ~~buses~~ buses, or for other school facilities by gift or purchase, condemnation proceedings to acquire ~~same~~ the site, right-of-way, or easement may be instituted by ~~such board~~ the local board of education under the provisions of Chapter 40A of the General Statutes, and the determination of the local board of education of the land necessary for ~~such~~ these purposes shall be conclusive. For purposes of this section, utility easements include easements for water, sanitary sewer, electric power, broadband, and telecommunications services."

EXPAND CTE SUPPORT IN MIDDLE SCHOOLS

SECTION 7.16. Part 1A of Article 10 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-158.15. Career development plan support.

The Department of Public Instruction shall allocate to each local school administrative unit the dollar equivalent of one full-time CTE coordinator position to be used to provide information and support to students in grades six and seven prior to the creation of a career development plan. Local boards of education are encouraged to hire full-time, permanent CTE coordinators with these funds, but the funds may be used for other methods of support if the local board of education determines that adequate information and support is being provided without hiring a full-time, permanent CTE coordinator."

PROGRAM TO ALLOW FINANCIAL AND HIRING FLEXIBILITY PLANS FOR CERTAIN SCHOOL DISTRICTS

SECTION 7.17.(a) Authorize Financial and Hiring Flexibility Plan; Purpose. – Prior to the 2025-2026 school year, an eligible district (District) may submit a Financial and Hiring Flexibility Plan (FHFP) to the State Board of Education (State Board) to permit the local board of education (local board) to decide certain matters related to the operation of the schools under the local board's control within the District, including the use of State funds, as provided in this section. The purpose of operating a District under a FHFP shall be for the local board to design and create a comprehensive, innovative, strategic vision allowing additional flexibility to the District to provide a high-quality education to all students.

SECTION 7.17.(b) Definitions. – For purposes of this section, "eligible district" means a local school administrative unit that meets both of the following criteria:

- (1) The local school administrative unit has the authority to levy and lay special taxes for the payment of bonds issued by the governing body of the unit.
- (2) The local school administrative unit had an allotted average daily membership of at least 5,000 for the 2023-2024 school year.

SECTION 7.17.(c) Submission of a FHFP. – A local board desiring to operate under a FHFP shall submit a FHFP that meets the requirements of this section to the State Board by

January 15, 2025, to begin operation of the plan with the 2025-2026 school year. The local board shall include at least the following components in its FHFP:

- (1) A resolution adopted by the local board to implement the FHFP in the District.
- (2) A detailed description of how the flexibility allowed under the FHFP will aid the District in meeting each of the following goals by the conclusion of the 2029-2030 school year:
 - a. Ensure that one hundred percent (100%) of all students have completed a career development plan by the beginning of their senior year of high school.
 - b. Increase teacher retention to a ninety percent (90%) retention rate.
 - c. Improve the average growth index of District schools to 0.50 or greater.
 - d. Increase the growth rate of any subgroups of students below the average growth rate in the 2023-2024 school year to above the average overall growth rate for the State.
 - e. Quantify all other measures of success of the FHFP in achieving the goals established in the FHFP.

SECTION 7.17.(d) State Board Approval. – The State Board shall approve a FHFP that meets the requirements of this section by March 15, 2025, to begin implementation July 1, 2025.

SECTION 7.17.(e) State Board of Education Review; Termination of Plan. – The State Board shall conduct a review of the operation and student performance of a District operating under an approved FHFP following the end of the 2029-2030 school year, and at least every three years thereafter, to ensure that the District is meeting the expected academic goals set forth in the FHFP and complying with all financial and observance requirements in this section. The State Board shall terminate a FHFP after a review for any of the following grounds:

- (1) Failure to meet the academic strategic goals for student performance contained in the plan.
- (2) Identification of the majority of schools in the District as low-performing schools in the two school years immediately preceding the review.
- (3) Failure to meet generally accepted standards of fiscal management or violation of State or federal law.

SECTION 7.17.(f) Early Termination. – If the State Board determines that a District operating under an approved FHFP has failed to meet generally accepted standards of fiscal management or violated State or federal law at any time, the State Board shall terminate the FHFP. In addition, if the Superintendent of Public Instruction (Superintendent) finds that satisfactory progress is not being made toward the strategic goals identified in a FHFP after reviewing the reports required to be submitted under subsection (n) of this section, the Superintendent shall recommend to the State Board that the FHFP be terminated. The State Board may terminate a FHFP if such a recommendation is made by the Superintendent. If a FHFP is terminated, the District shall continue to operate under the FHFP until the end of the school year in which the termination determination is made.

SECTION 7.17.(g) Transition. – If a FHFP is terminated, notwithstanding G.S. 115C-105.26, the State Board may grant the District a waiver to the licensure requirements of G.S. 115C-295, annually, for up to three years, to facilitate the transition to employment of fully licensed teachers.

SECTION 7.17.(h) Teachers. – Notwithstanding G.S. 115C-295, beginning July 1, 2025, for as long as a District is operating under a FHFP, up to fifty percent (50%) of the teachers in each school in the District may be employed as teachers despite not holding teacher licenses if they meet the requirements set out in subsection (i) of this section. All teachers who are

1 teaching in the core subject areas of mathematics, science, social studies, and language arts shall
2 be college graduates.

3 **SECTION 7.17.(i)** Requirements for Unlicensed Teachers. – All teachers hired by a
4 local board operating under a FHFP who are not licensed as a teacher by the State shall complete
5 preservice training, which may be offered through an educator preparation program or by a local
6 school administrative unit, in all of the following areas prior to beginning instruction:

7 (1) The identification and education of children with disabilities.

8 (2) Positive management of student behavior.

9 (3) Effective communication for defusing and de-escalating disruptive or
10 dangerous behavior.

11 (4) Safe and appropriate use of seclusion and restraint.

12 **SECTION 7.17.(j)** School Operation. – All schools in a District operating under a
13 FHFP shall be deemed to have been continuously operating under a modified calendar since the
14 2003-2004 school year for purposes of G.S. 115C-84.2(d).

15 **SECTION 7.17.(k)** Available State Funds. – Beginning with the 2025-2026 fiscal
16 year, the Department of Public Instruction shall calculate the amount of State funds to be
17 allocated to a District operating under a FHFP on the same basis as other local school
18 administrative units and shall distribute those funds to the unit. The Department shall use
19 statewide average salary figures for the purpose of calculating the dollar equivalent of guaranteed
20 positions as necessary. The funds allocated to a District shall be subject to any restrictions as to
21 use imposed by federal law, the conditions of federal or State grants, or as provided through any
22 rules that the State Board adopts to ensure compliance with federal regulations. Notwithstanding
23 G.S. 115C-105.25, use of these funds shall otherwise be unrestricted except as provided in this
24 section.

25 **SECTION 7.17.(l)** Provision for Disbursement of State Money. – The deposit of
26 money in the State treasury to the credit of a District operating under an approved FHFP shall be
27 made as necessary for the operation of the District. The State Board may withhold money to be
28 distributed to a District if any report required to be filed with State school authorities is more
29 than 30 days overdue. Money in the State Public School Fund and State bond moneys shall be
30 released only on warrants drawn on the State Treasurer, signed by a local official as required by
31 the State Board.

32 **SECTION 7.17.(m)** Withholding for Retirement Contributions. – Upon notification
33 by the Board of Trustees of the Teachers' and State Employees' Retirement System to the State
34 Treasurer and the Office of State Budget and Management as to any default of a District operating
35 under an approved FHFP, the State Board shall withhold from any State appropriation due to the
36 District an amount equal to the sum of all delinquent contributions and payments due to the
37 Retirement Systems Division and shall transmit that amount to the Retirement Systems Division.

38 **SECTION 7.17.(n)** Reporting to Superintendent. – A District operating under an
39 approved FHFP shall report to the Superintendent no later than July 15, 2026, and each year
40 thereafter as follows:

41 (1) An annual report on the number of licensed and unlicensed teachers and use
42 of long-term substitutes in filling vacancies for classroom teachers. This report
43 shall also provide recruiting data on the number of licensed and unlicensed
44 teachers hired during the school year and overall employee retention in each
45 school year. In addition, the report shall also provide comparisons with the
46 data from the previous school year on the information required by this
47 subdivision at the local school administrative unit level.

48 (2) Specific actions taken to close academic gaps between student groups on State
49 assessments.

50 (3) A breakdown of how State funds are being spent in the District.

51 (4) Any available data on outcomes identified as goals in the FHFP.

- (5) Any other reporting requirements deemed necessary by the Superintendent of Public Instruction.

SECTION 7.17.(o) Report to the General Assembly. – No later than November 15, 2026, and each year thereafter that a District operates under a FHFP, the Superintendent shall report to the Joint Legislative Education Oversight Committee on the progress of the FHFP on at least the following topics:

- (1) A summary of the data provided by Districts operating under a FHFP to the Superintendent in the annual report.
- (2) The effectiveness of the FHFP on hiring and retaining teachers in Districts, determined by annual turnover rates and teacher vacancies, compared with other local school administrative units not operating under a FHFP.
- (3) An assessment of the financial flexibilities utilized by local boards operating under a FHFP and any recommended changes or modifications.
- (4) Any available data on outcomes identified as goals in any FHFP.
- (5) Any other information the Superintendent deems relevant to the pilot program authorized by this section.

STATUTORY CHANGES FOR DPI FUNDING IN ARREARS

SECTION 7.18.(a) G.S. 115C-47(1a) reads as rewritten:

"(1a)a. To Establish and Maintain Kindergartens. – Local boards of education shall provide for their respective local school administrative unit kindergartens as a part of the public school system for all children living in the local school administrative unit who are eligible for admission pursuant to sub-subdivision c. of this subdivision provided that funds are available from State, local, federal, or other sources to operate a kindergarten program as provided in this subdivision.

b. All kindergarten programs so established shall be subject to the supervision of the Department of Public Instruction and shall be operated in accordance with the standards adopted by the State Board of Education, upon recommendation of the Superintendent of Public Instruction. ~~Among the standards to be adopted by the State Board of Education shall be a provision that the Board will allocate funds for the purpose of operating and administering kindergartens to each school administrative unit in the State based on the average daily membership for the best continuous three out of the first four school months of pupils in the kindergarten program during the last school year in that respective school administrative unit. Such allocations are to be made from funds appropriated to the State Board of Education for the kindergarten program.~~

c. Any child who meets the requirements of G.S. 115C-364 shall be eligible for enrollment in kindergarten. Any child who is enrolled in kindergarten and not withdrawn by the child's parent or legal guardian shall attend kindergarten.

d. Notwithstanding any other provision of law to the contrary, subject to the approval of the State Board of Education, any local board of education may elect not to establish and maintain a kindergarten program. Any funds allocated to a local board of education which does not operate a kindergarten program may be reallocated by the State Board of Education, within the discretion of the Board, to a county or city board of education which will operate such a program."

SECTION 7.18.(b) 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~~ allotted average daily membership in the local school administrative unit for the current school year."

SECTION 7.18.(c) G.S. 115C-150.9 reads as rewritten:

"§ 115C-150.9. Funding for academically or intellectually gifted students.

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

SECTION 7.18.(d) G.S. 115C-472.18(b) reads as rewritten:

"(b) Phase-Out Provision. – If a local school administrative unit becomes ineligible for funding under the schedule in subsection (a) of this section, funding for that unit shall be phased out over a five-year period. Funding for such local school administrative units shall be reduced in equal increments in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth fiscal year after the school administrative unit becomes ineligible. Allotments for eligible local school administrative units under this subsection shall not be reduced in any fiscal year by more than twenty percent (20%) of the amount received during the fiscal year when the local school administrative unit became ineligible to receive funds under this section. ~~A local school administrative unit shall not become ineligible for funding if either the highest of the first two months' total projected average daily membership for the current year or the higher of the first two months' total prior year average daily membership would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this section.~~ Eligibility for funding is based on the allotted average daily membership of the unit. The initial allocation is based on the allotted average daily membership of the unit and shall not be adjusted for current year actual average daily membership."

COOPERATIVE PURCHASE AGREEMENTS FOR TECHNOLOGY

SECTION 7.19.(a) Subsections (b), (c), and (d) of Section 8.14 of S.L. 2015-241 are repealed.

SECTION 7.19.(b) Part 3A of Article 8 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-102.11. Cooperative purchase agreements for technology.

(a) The Department of Public Instruction shall collaborate with the Department of Information Technology and the Friday Institute for Educational Innovation of North Carolina State University to implement cooperative purchasing agreements for the procurement of information technology goods and services to support public school units.

(b) For purposes of this section, the phrase "cooperative purchasing agreement" means an agreement implemented pursuant to this section and made available to public school units to provide the opportunity for collaborative or collective purchases of information technology goods and services in order to leverage economies of scale and to reduce costs.

(c) Each cooperative purchasing agreement under this section shall do the following:

- (1) Be based on a defined statewide information technology need to support education in public school units.
- (2) Allow for equal access to technology tools and services.
- (3) Provide a standard competitive cost throughout North Carolina for technology tools and services.

(4) Follow State information technology procurement laws, rules, and procedures.

(d) The Department of Public Instruction shall solicit bids for new cooperative purchase agreements for all technology tools and may solicit bids for new cooperative purchase agreements for any services the Department deems necessary at least once every four years.

(e) The Department shall maintain a list of the tools and services available through cooperative purchasing agreements in a location that is easily accessible by the governing bodies of public school units. The availability list shall be updated at least every four years when the bidding process required by subsection (d) of this section has been completed.

(f) No later than October 15 of each year, the Department of Public Instruction shall report to the Joint Legislative Education Oversight Committee on the contents of the availability list required by subsection (e) of this section, establishment of new cooperative purchasing agreements, savings resulting from existing cooperative agreements, and any issues impacting the establishment or maintenance of the cooperative agreements."

SUNSET TEXTBOOK COMMISSION

SECTION 7.20.(a) G.S. 115C-86 through G.S. 115C-95 and G.S. 115C-97 are repealed.

SECTION 7.20.(b) Part 3 of Article 8 of Chapter 115C of the General Statutes reads as rewritten:

"Part 3. Textbooks-Instructional Materials.

"§ 115C-85. Textbook-Instructional material needs are determined by course of study.

~~When the State Board of Education has adopted, upon the recommendation of the Superintendent of Public Instruction, a standard course of study at each instructional level in the elementary school and the secondary school, setting forth what subjects shall be taught at each level, it shall proceed to select and adopt textbooks.~~

As used in this part, "textbook" "instructional materials" means systematically organized material comprehensive enough to cover the primary objectives outlined in the standard course of study for a grade or course. Formats for ~~textbooks~~ instructional materials may be print or nonprint, including hardbound books, softbound books, activity-oriented programs, classroom kits, and ~~technology-based programs~~ digital resources that require the use of electronic equipment in order to be used in the learning process.

~~Textbooks adopted in accordance with the provisions of this Part shall be used by the public schools of the State except as provided in G.S. 115C-98(b1).~~

...

"§ 115C-96. Powers and duties of the State Board of Education in regard to textbooks-instructional materials.

(a) The children of the public elementary and secondary schools of the State shall be provided with free basic ~~textbooks~~ instructional materials within the appropriation of the General Assembly for that purpose. To implement this directive, the State Board of Education shall evaluate annually the amount of money necessary to provide ~~textbooks~~ instructional materials based on the actual cost and availability of ~~textbooks~~ the instructional materials and shall request sufficient appropriations from the General Assembly.

(b) The State Board of Education shall administer a fund and ~~establish~~ adopt rules and ~~regulations necessary to:~~

(1) ~~Acquire by contract such basic textbooks as are or may be on the adopted list of the State of North Carolina which the Board finds necessary to meet the needs of the State public school system and to carry out the provisions of this Part.~~

- (2) ~~Provide a system of distribution of these textbooks and distribute the books that are provided without using any depository or warehouse facilities other than those operated by the State Board of Education.~~
- (3) ~~Provide for the free use, with proper care and return, of elementary and secondary basic textbooks.~~ instructional materials. ~~The title of said books the instructional materials shall be vested in the State.~~

"§ 115C-98. Local boards of education to provide for local operation of the textbook program, the selection and procurement of other instructional materials, and the use of nonadopted textbooks, selection of supplementary and instructional materials.

(a) Local boards of education shall adopt rules ~~policies~~ not inconsistent with the ~~policies~~ rules of the State Board of Education concerning the local ~~operation of the textbook program.~~ selection and procurement of instructional materials.

(b) Local boards of education shall adopt written policies concerning the procedures to be followed in their local school administrative units for the selection and procurement of ~~supplementary textbooks, library books, periodicals, audiovisual materials, and other~~ supplementary and instructional materials needed for instructional purposes in the public schools of their units.

Local boards of education shall have sole authority to select and procure supplementary and instructional materials, including library books and media, whether or not the materials contain commercial advertising, to determine if the materials are related to and within the limits of the prescribed curriculum, and to determine when the materials may be presented to students during the school day. ~~Supplementary materials and contracts for supplementary materials are not subject to approval by the State Board of Education.~~

Supplementary ~~books and other instructional materials~~ shall neither displace nor be used to the exclusion of basic ~~textbooks.~~ instructional materials.

~~(b1) A local board of education may establish a community media advisory committee to investigate and evaluate challenges from parents, teachers, and members of the public to textbooks and supplementary instructional materials on the grounds that they are educationally unsuitable, pervasively vulgar, or inappropriate to the age, maturity, or grade level of the students. The State Board of Education shall review its rules and policies concerning these challenges and shall establish guidelines to be followed by community media advisory committees.~~

~~The local board, at all times, has sole authority and discretion to determine whether a challenge has merit and whether challenged material should be retained or removed.~~

~~(b2) Local boards of education may:~~

- (1) ~~Select, procure, and use textbooks that have not been adopted by the State Board of Education for use throughout the local school administrative unit for selected grade levels and courses; and~~
- (2) ~~Approve school improvement plans developed under G.S. 115C-105.27 that include provisions for using textbooks that have not been adopted by the State Board of Education for selected grade levels and courses.~~

All ~~textbook~~ instructional material contracts made under this subsection shall include a clause granting to the local board of education the license to produce braille, large print, ~~and audiocassette tape~~ and other accessible copies of the ~~textbooks~~ instructional materials for use in the local school administrative unit.

"§ 115C-98.5. Challenges to supplementary and instructional materials.

(a) Local boards of education shall establish a community media advisory committee to investigate and evaluate challenges to supplementary and instructional materials.

(b) At a minimum, the committee shall include the following:

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

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

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

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

(c) Challenges to instructional and supplemental materials shall be made in writing and submitted to the local board of education. The challenge shall specify that the material being challenged is one or more of the following:

(1) Obscene.

(2) Inappropriate to the age, maturity, or grade level of the students.

(3) Not aligned with the standard course of study.

(d) The local board of education and the media advisory committee shall only investigate and evaluate challenges submitted by a parent of a student enrolled in a school governed by the board, a teacher employed by the board, or a resident of the area of assignment for the board.

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

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

(g) The local board, at all times, has sole authority and discretion to determine whether a challenge has merit and whether challenged material should be retained or removed. The decision of the board is not appealable.

"§ 115C-99. Legal custodians of ~~textbooks~~ instructional materials furnished by State.

Local boards of education are the custodians of all ~~textbooks~~ instructional materials purchased by the local boards with State funds. They shall provide adequate and safe storage facilities for the proper care of ~~these textbooks~~ the instructional materials and emphasize to all students the necessity for proper care of ~~textbooks~~ instructional materials.

"§ 115C-100. Rental fees for ~~textbooks~~ instructional materials prohibited; damage fees authorized.

No local board of education may charge any pupil a rental fee for the use of ~~textbooks~~ instructional materials. A pupil's parents or legal guardians may be charged damage fees for abuse or loss of ~~textbooks~~ instructional materials under rules adopted by the State Board of Education. All money collected from the sale of ~~textbooks~~ instructional materials purchased with State funds under the provisions of this Part shall be paid annually as collected to the State Board of Education.

"§ 115C-101. Duties and authority of superintendents of local school administrative units.

The superintendent of each local school administrative unit, as an official agent of the State Board of Education, shall administer the provisions of this Part and the rules and regulations of the Board insofar as they apply to ~~his~~ the local school administrative unit. The superintendent of

each local school administrative unit shall have authority to require the cooperation of principals and teachers so that the children may receive the best possible service, and so that all the ~~books~~ instructional materials and moneys may be accounted for properly. If any principal or teacher fails to comply with the provisions of this section, ~~his-the~~ superintendent shall withhold ~~his-the~~ salary vouchers of the principal until the duties imposed by this section have been performed.

If any superintendent fails to comply with the provisions of this section, the State Superintendent, as secretary to the State Board of Education, shall notify the State Board of Education and the State Treasurer. The State Board and the State Superintendent shall withhold the superintendent's salary vouchers, and the State Treasurer shall make no payment until the State Superintendent ~~notifies him~~ confirms that the provisions of this section have been complied with.

"§ 115C-102. Right to purchase; disposal of ~~textbooks and~~ instructional materials.

(a) Any parent, guardian, or person in loco parentis may purchase any instructional material needed for any child in the public schools of the State from the board of education of the local school administrative unit in which the child is ~~enrolled or, in the case of basic textbooks, from the State Board of Education.~~ enrolled.

(b) Notwithstanding Article 3A of Chapter 143 of the General Statutes, G.S. 143-49(4), or any other provision of law, the State Board of Education may adopt rules authorizing local boards of education to dispose of discontinued instructional ~~material, including State-adopted textbooks.~~ material."

SECTION 7.20.(c) G.S. 115C-11(d) reads as rewritten:

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

SECTION 7.20.(d) G.S. 115C-11(e) is repealed.

SECTION 7.20.(e) G.S. 115C-12(9)b. is repealed.

SECTION 7.20.(f) G.S. 115C-12(18)d. reads as rewritten:

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

SECTION 7.20.(g) G.S. 115C-47 reads as rewritten:

"§ 115C-47. Powers and duties generally.

In addition to the powers and duties designated in G.S. 115C-36, local boards of education shall have the power or duty:

...

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

by October 15 of each school year and, if the schedule is subsequently revised, within 30 days following the revision.

...

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

(33a) To Approve and Use Textbooks Not Adopted by State Board of Education. Instructional Materials. – Local boards of education shall have the authority to select, procure, and use ~~textbooks not adopted by the State Board of Education~~ instructional materials as provided in G.S. 115C-98(b1). G.S. 115C-98.

...."

SECTION 7.20.(h) G.S. 115C-76.55 reads as rewritten:

"§ 115C-76.55. Age-appropriate instruction for grades kindergarten through fourth grade.

Instruction on gender identity, sexual activity, or sexuality shall not be included in the curriculum provided in grades kindergarten through fourth grade, regardless of whether the information is provided by school personnel or third parties. For the purposes of this section, curriculum includes the standard course of study and support materials, locally developed curriculum, supplemental instruction, and ~~textbooks and~~ other supplementary materials, but does not include responses to student-initiated questions."

SECTION 7.20.(i) G.S. 115C-81.5(b)(3) is repealed.

SECTION 7.20.(j) G.S. 115C-81.25(b)(3) is repealed.

SECTION 7.20.(k) G.S. 115C-81.25(d) reads as rewritten:

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

SECTION 7.20.(l) G.S. 115C-105.25(b)(12) reads as rewritten:

"(12) Funds allotted for ~~textbooks and digital resources~~ instructional materials may only be used ~~for the purchase of textbooks and digital resources.~~ to acquire instructional and supplemental materials as identified in Part 3 of Article 8 of this Chapter, and to acquire software necessary for the use of the instructional or supplemental materials. These funds shall not be transferred out of the allotment for any other purpose."

SECTION 7.20.(m) G.S. 115C-242(3) reads as rewritten:

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

SECTION 7.20.(n) G.S. 115C-271(d)(2) reads as rewritten:

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

SECTION 7.20.(o) G.S. 115C-384(c) reads as rewritten:

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

SECTION 7.20.(p) G.S. 115C-390.2(l)(1) reads as rewritten:

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

SECTION 7.20.(q) G.S. 115C-390.5(c)(1) reads as rewritten:

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

SECTION 7.20.(r) G.S. 115C-398 reads as rewritten:

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

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

SECTION 7.20.(s) G.S. 143A-48 is repealed.

SECTION 7.20.(t) No further funds shall be allocated into the State Textbook fund.

The Department of Public Instruction, in coordination with the Office of State Budget and Management, shall ensure that the fund is dissolved once all funds are expended.

SECTION 7.20.(u) Effective July 1, 2024, there is established the Instructional

Materials funding allotment within the State Public School Fund. The State Board of Education shall establish the purposes for which the funds within the Instructional Materials funding allotment may be used for as the purchase and maintenance of instructional and supplemental materials as identified in Part 3 of Article 8 of Chapter 115C of the General Statutes. Funds allocated to the Instructional Materials funding allotment in fiscal years 2024-2025, 2025-2026, and 2026-2027 shall not revert to the General Fund at the end of the fiscal year but shall remain available until expended.

SECTION 7.20.(v) This section is effective when it becomes law and applies beginning with the 2024-2025 school year.

CLARIFY INTERSCHOLASTIC ATHLETIC REPORTS

SECTION 7.21.(a) G.S. 115C-407.75 reads as rewritten:

"§ 115C-407.75. Public school units annual interscholastic athletic reports.

(a) Each public school unit with one or more participating schools shall annually report by June 15 the following information to the Superintendent of Public Instruction and the State Board of Education:

(1) The total dollar amount spent by the public school unit on interscholastic athletic activities, ~~activities from public school unit funds~~, by the following categories:

- a. Administering association fees.
- b. Salaries or stipends for coaches and faculties for duties associated solely with interscholastic athletics.
- c. Capital costs, including new construction, repair and renovation, and maintenance costs for existing athletic facilities.
- d. Uniform and equipment costs.
- e. Travel and transportation costs.
- f. Officiating costs.

- 1 g. Other identified ~~costs~~ costs of more than five thousand dollars
2 (\$5,000).
- 3 (2) The total dollar amount received by the public school unit from interscholastic
4 athletic activities, including funds held in special funds of individual schools,
5 by the following categories:
- 6 a. Gate receipts.
7 b. Concession sales.
8 c. Merchandise sales or sales of items directly related to interscholastic
9 athletics, including apparel and audiovisual materials.
10 d. Student fees.
11 e. Monetary and in-kind contributions from third-party organizations.
12 f. State or local funding expended on capital costs for athletic facilities.
13 g. Other identified sources of ~~funds~~ funds that provide more than five
14 thousand dollars (\$5,000).

15 (b) The Superintendent of Public Instruction shall provide a summary of the reports by
16 public school units and a copy of each public school unit report to the Joint Legislative Education
17 Oversight Committee no later than October 15 annually."

18 **SECTION 7.21.(b)** This section is effective when it becomes law and applies to
19 reports submitted on or after July 15, 2025.
20

21 **CEP TIME LINE SHIFT AND CLARIFY BREAKFAST LOCATION**

22 **SECTION 7.22.** Section 7.59 of S.L. 2023-134 reads as rewritten:

23 **"SECTION 7.59.(a)** Program; Purpose. – The Department of Public Instruction shall
24 establish the CEP Meal Program Incentive ~~for the 2023-2025 fiscal biennium~~ to expand public
25 school participation in the federal Community Eligibility Provision (CEP) program to increase
26 the number of students with access to healthy, cost-free school breakfast and lunch. The incentive
27 program shall be available to public school units for the 2024-2025 fiscal year. In each year
28 where funds are made available for the purpose, the CEP program shall be run subject to the
29 provisions of this section.

30 ...

31 **"SECTION 7.59.(c)** Application. – ~~By January 15, 2024,~~ April 15 of each year of the
32 program, the Department shall develop the application for the incentive program and make it
33 available to public school units. Public school units or individual schools shall submit their
34 applications by ~~March 1, 2024,~~ June 1 of each year of the program. At a minimum, the application
35 shall include the following information:

- 36 (1) The school or schools that will participate in the CEP program.
37 (2) The Identified Student Percentage (ISP) for the school or schools for the ~~2024-~~
38 ~~2025-current~~ school year.
39 (3) The number of students enrolled in the school or schools for the ~~2024-2025~~
40 ~~current~~ school year.
41 (4) Participation rates in the National School Breakfast and Lunch programs for
42 the 2023-2024 school year for the schools requesting to receive the incentive.

43 **"SECTION 7.59.(d)** Selection. – ~~By April 30, 2024,~~ July 15 of each year of the program,
44 the Department shall determine whether each applicant is eligible to participate in the incentive
45 program. The Department shall then award grants to all eligible public school units and schools.
46 If there are insufficient funds to award grants to all eligible public school units or schools, the
47 Department shall first prioritize awarding grants to public school units and schools with an
48 Identified Student Percentage (ISP) of greater than or equal to fifty-five percent (55%) and then
49 prioritize awarding grants to those schools that will draw the greatest federal match.

50 **"SECTION 7.59.(e)** Grants. – The Department shall issue State reimbursements to
51 participating public school units and schools to supplement federal reimbursements of school

meals. State reimbursement shall equal the difference between the federal free rate and the federal paid rate for the number of meals served at the participating schools equal to a 0.2 multiplier of the ISP for the participating schools. State and federal reimbursements shall not exceed one hundred percent (100%) of the federal free rate of meals served. ~~Schools utilizing the incentive shall offer breakfast after the bell and in the classroom.~~

...

"**SECTION 7.59.(g)** Report. – No later than January 1, 2025, 1 of each year of the program, the Department shall report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division at least the following information:

...."

AFTER-SCHOOL ROBOTICS GRANT PROGRAM

SECTION 7.23. Article 16 of Chapter 115C of the General Statutes is amended by adding a new Part to read:

"Part 12. Academic Grant Programs.

"§ 115C-238.90. Educational and Competitive After-School Robotics Grant Program.

(a) Program; Purpose. – To the extent funds are made available, there is established the Educational and Competitive After-School Robotics Grant Program (Program). The purpose of the Program shall be to (i) promote evidence-based, after-school programs for robotics education and competition and (ii) motivate students to pursue education and career opportunities in science, technology, engineering, and mathematics while building critical life and work-related skills. The Program shall operate in accordance with the provisions of this section in any year in which funds are made available for the purpose.

(b) Eligibility. – Any public school unit is eligible to apply to the Department of Public Instruction for a grant to develop an educational and competitive after-school robotics program with a robotics partner. As used in this subsection, the term "robotics partner" shall refer to a third-party entity, such as a nonprofit organization or institution of higher education, approved by the Department of Public Instruction, that is able to provide adequate support for an after-school robotics program. In order to provide adequate support, a robotics partner must meet at least all of the following criteria:

(1) Have a national presence in robotics education and competition.

(2) Provide adequate instruction and programming for students and adult volunteers in (i) robotics education, (ii) project-based learning, and (iii) competitive robotics.

(3) Promote a safe and equitable social environment.

(c) Applications; Criteria and Guidelines. – No later than August 1 of each year of the Program, the Department shall develop and publish criteria and guidelines for the application process for the Program in the upcoming school year, including any documentation required to be submitted by the applicants. The Department shall accept applications until September 30. Applications shall include, at a minimum, the following information:

(1) Evidence that the applicant has or will be able to establish a relationship with a robotics partner.

(2) A proposed budget for the educational and competitive after-school robotics program.

(d) Award and Use of Funds. – The Department shall award grants to the selected applicants by October 31 of each year of the Program. Funds may be used for any of the following purposes:

(1) Establish a relationship with a robotics partner.

(2) Purchase robotics kits.

(3) Provide stipends for coaches.

- (4) Make payments associated with participation in a robotics league or robotics competition.
- (5) Pay fees incurred as part of the administration of a robotics team.
- (e) Reporting. – No later than October 15 of each year of the Program, the Department shall report the following information from the prior school year to the Joint Legislative Education Oversight Committee and the Fiscal Research Division:
- (1) The public school units that received grants and the amount of those grants.
- (2) The robotics partner for each public school unit.
- (3) The number of public school units that applied for grants but did not receive one.
- (4) The extent to which students participating in after-school robotics programs funded by the Program experienced measurable improvement in academic performance."

DOA TO ADMINISTRATIVELY SUPPORT RESIDENTIAL SCHOOLS

SECTION 7.24.(a) G.S. 115C-150.11 reads as rewritten:

"§ 115C-150.11. ~~General supervision over~~ Establishment of the schools for the deaf and blind.

(a) Establishment. – The following are created as separate State agencies governed respectively by boards of trustees:

- (1) The Governor Morehead School for the Blind of the Department of Public Instruction, for the function, purpose, and duty of serving students who are blind or visually impaired from birth to age 22. The Governor Morehead School for the Blind shall include the Governor Morehead Preschool.
- (2) The Eastern North Carolina School for the Deaf of the Department of Public Instruction, for the function, purpose, and duty of serving students who are deaf or hard of hearing.
- (3) The North Carolina School for the Deaf of the Department of Public Instruction, for the function, purpose, and duty of serving students who are deaf or hard of hearing.

(a1) State Board of Education Supervision. – The State Board of Education shall 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.~~ Department of Public Instruction Support. – 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 enter into a memorandum of understanding with the schools to 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.

(c) Administrative Support. – The Department of Administration shall provide support to each school in matters related to finance, human resources, and procurement, including for information technology. Each school shall enter into a memorandum of understanding with the Department of Administration with regard to this support. No civil liability shall attach to the Department of Administration, or to any of its employees, individually or collectively, for any acts or omissions of a school.

(d) Immunity. – In addition to all other immunities provided to them by applicable State law, a school, its board of trustees, and the school's members, employees, and agents shall be entitled to the specific immunities provided for this Chapter applying to the State Board of Education, Superintendent of Public Instruction, a local board of education, a local school administrative unit, and their members and employees. Immunity established by this subsection shall be deemed to be waived to the extent of indemnification under Article 31A and Article 31B of Chapter 143 of the General Statutes and to the extent sovereign immunity is waived under the State Tort Claims Act, as set forth in Article 31 of Chapter 143 of the General Statutes."

SECTION 7.24.(b) G.S. 115C-150.16 reads as rewritten:

"§ 115C-150.16. Applicability of Chapter.

Except as otherwise provided in this Article and Article 7B of this Chapter, the requirements of this Chapter shall not apply to the schools for the deaf and blind. Schools for the deaf and blind shall be considered a State agency, as defined in G.S. 143C-1-1, and shall comply with all requirements for State agencies in State law unless otherwise specified in this Article. Schools for the deaf and blind shall not be considered local school administrative units."

SECTION 7.24.(c) G.S. 115C-150.11(a), (b), and (c) apply beginning July 1, 2025.

SECTION 7.24.(d) G.S. 115C-150.12A(b) reads as rewritten:

"(b) Qualifications. – No employee of the school may be a member of the board of trustees of that school. A board member that becomes an employee of that school shall be deemed to resign from his or her membership on the board of trustees. Appointing entities are strongly encouraged to fill the appointments to each board of trustees with persons with expertise or experience in the areas of education for those who are deaf or hard of hearing or who are blind or visually impaired, administration and governance, finance and budgeting, or who otherwise have demonstrated concern for quality of education for those who are deaf or hard of hearing or who are blind or visually impaired."

SECTION 7.24.(e) G.S. 115C-150.12A(f) reads as rewritten:

"(f) Meetings. – A board of trustees shall meet at least four times a year and also at such other times as it may deem necessary. A majority of the voting members of the board shall constitute a quorum for the transaction of business. All meetings shall be subject to Article 33C of Chapter 143 of the General Statutes. The members shall receive per diem compensation and necessary travel and subsistence expenses while engaged in the discharge of their official duties, in accordance with the provisions of G.S. 138-5."

SECTION 7.24.(f) G.S. 115C-150.10(5) is repealed.

SECTION 7.24.(g) G.S. 115C-150.10 is amended by adding a new subdivision to read:

"(10) Superintendent. – The chief administrator of a school for the deaf or the school for the blind."

SECTION 7.24.(h) G.S. 115C-150.12B reads as rewritten:

"§ 115C-150.12B. Employees of schools for the deaf and blind.

(a) Director-Superintendent. – Each board of trustees of a school shall appoint a ~~director~~ superintendent for that school, ~~who~~ school who meets the requirements of G.S. 115C-271 for employment. The superintendent shall act as secretary to the board of trustees in accordance with ~~G.S. 115C-150.12A and shall manage day-to-day operations of the school~~ G.S. 115C-150.12A.

1 All acts of the boards of trustees, not in conflict with State law, shall be binding on the
2 superintendent, and the superintendent shall carry out all rules and regulations of the board and
3 other duties as prescribed by the board of trustees. For purposes of application to other statutes
4 in this Chapter, the ~~director-superintendent~~ shall be the equivalent of a superintendent of schools
5 a local school administrative unit and shall fulfill the duties of a superintendent as provided in
6 Article 18 of this Chapter.

7 (b) ~~Director-Superintendent~~ Duties. – The ~~director-superintendent~~ shall recommend
8 school personnel to the board of trustees. The ~~director-superintendent~~ shall supervise the
9 administrative staff of the school, including the principal, director of human resources, and
10 director of business and finance.

11 ...

12 (e) Human Resources. – The board of trustees is responsible for providing human
13 resources and employment-related services for the school. The board of trustees may delegate
14 some or all of this responsibility to the ~~director-superintendent~~ for the school or to the director of
15 human resources, in its discretion."

16 **SECTION 7.24.(i)** G.S. 115C-150.12C(14) reads as rewritten:

17 "(14) Conduct and duties of personnel. – The board of trustees, upon the
18 recommendation of the ~~director-superintendent~~, shall have full power to make
19 rules governing the conduct of teachers, principals, and supervisors; the kind
20 of reports they shall make; and their duties in the care of school property. Prior
21 to the beginning of each school year, the board of trustees shall identify all
22 reports that are required for the school year and shall, to the maximum extent
23 possible, eliminate any duplicate or obsolete reporting requirements and
24 consolidate remaining reporting requirements. Prior to the beginning of each
25 school year, the board of trustees shall also identify software protocols that
26 could be used to minimize repetitious data entry and shall make them available
27 to teachers and other employees."

28 **SECTION 7.24.(j)** G.S. 115C-150.13A(c)(2)a. reads as rewritten:

29 "a. A chair designated by the ~~director-superintendent~~ of the school."

30 **SECTION 7.24.(k)** G.S. 115C-150.13A(c)(4) reads as rewritten:

31 "(4) A final admissions determination made by the ~~director-superintendent~~ of the
32 school or the ~~director-superintendent~~ of the school's designee."

33 **SECTION 7.24.(l)** G.S. 115C-150.13A(e) reads as rewritten:

34 "(e) Disenrollment. – A student's continued enrollment in an educational program
35 assignment status shall be subject to reevaluation by the admissions committee when determined
36 necessary by the school to assess if the student continues to meet eligibility criteria. The
37 disenrollment assessment shall follow the same procedures as the admissions process, and a final
38 determination shall be made by the ~~director-superintendent~~ or the ~~director's-superintendent's~~
39 designee."

40 **SECTION 7.24.(m)** G.S. 115C-150.15 reads as rewritten:

41 "**§ 115C-150.15. Reporting to schools on deaf and blind children.**

42 (a) Request for Consent. – ~~Local superintendents~~ Superintendents of local school
43 administrative units shall require that the following request for written consent, along with any
44 informational materials provided by the school for the blind or the school for the deaf in the
45 service area in which the local school administrative unit is located, be presented to parents or
46 custodians of any children who are deaf or hard of hearing or are blind or visually impaired no
47 later than October 1 of each school year: "North Carolina provides two public schools for the
48 deaf serving students who are deaf or hard of hearing: the Eastern North Carolina School for the
49 Deaf and the North Carolina School for the Deaf. North Carolina also has a public school for the
50 blind serving students who are blind or visually impaired: the Governor Morehead School for the
51 Blind. Do you consent to the release of your contact information and information regarding your

child and his or her hearing or vision status to these schools so that you can receive more information on services offered by those campuses?"

(b) Annual Report to Schools for the Deaf and Blind. – ~~Local superintendents~~ Superintendents of local school administrative units shall report by November 30 each year the names and addresses of parents or custodians of any deaf or hard of hearing or blind or visually impaired children who have given written consent to the ~~directors~~ superintendents of the schools for the deaf and blind. The report shall include whether the hearing and visual impairments range from partial to total disability, and if the child has multiple disabilities with the visual or hearing impairment not identified as the primary disability of the student. The report shall also be made to the Department of Public Instruction.

(c) Confidentiality of Records. – The ~~directors~~ superintendents of the schools for the deaf and blind shall treat any information reported to the schools by a ~~local superintendent~~ of a local school administrative unit under subsection (b) of this section as confidential, except that a ~~director~~ superintendent of the schools for the deaf and blind or the ~~director's~~ superintendent's designee may contact the parents or custodians of any hearing impaired or visually impaired children whose information was included in the report. The information shall not be considered a public record under G.S. 132-1.

(d) Transfer of Information. – Upon the written request of a parent or custodian of a student who has applied to a school for the deaf or school for the blind, the ~~local superintendent~~ of a local school administrative unit or, if there is no superintendent, the staff member with the highest decision-making authority in the public school unit shall share with the ~~director of the school~~ superintendent of the schools for the deaf and blind a copy of all current evaluation data and a copy of the current or proposed individualized education plan for any child enrolled in that public school unit who is identified as a child with a disability who is deaf, hard of hearing, blind, or visually impaired."

SECTION 7.24.(n) G.S. 115C-150.12C(2) reads as rewritten:

"(2) Exercise judicial functions. – The board of trustees shall employ or contract with private counsel to provide advice and representation for the school. The board may institute all actions, suits, or proceedings against officers, persons, or corporations, or their sureties, for the recovery, preservation, and application of all money or property which may be due to or should be applied to the support and maintenance of the school. In all actions brought in any court against a board of trustees, the order or action of the board shall be presumed to be correct, and the burden of proof shall be on the complaining party to show the contrary. G.S. 114-2.3 and G.S. 147-17 shall not apply to the schools for the deaf and blind. Upon the request of the board of trustees of a school, the Attorney General shall provide representation as required by G.S. 114-2. Each school shall be regarded as a State agency for the purposes of the State Tort Claims Act and associated representation by the Office of the Attorney General with regards to litigation defense."

SECTION 7.24.(o) G.S. 115C-150.12C(27) reads as rewritten:

"(27) Group accident and health insurance for ~~students~~ students, other liability insurance. – A board of trustees may ~~purchase group~~ purchase:

a. Group accident, group health, or group accident and health insurance for students in accordance with G.S. 58-51-81.

b. Liability insurance as provided in G.S. 115C-42 and directors and officers insurance. G.S. 115C-42 shall apply to a school that purchases liability insurance consistent with that section."

SECTION 7.24.(p) G.S. 115C-150.13A(f) reads as rewritten:

"(f) Free Appropriate Public Education. – The local school administrative unit or charter school in which the student is enrolled shall have the initial responsibility of identifying and

1 evaluating the special education needs of the student and providing a special educational program
2 and related services in accordance with Article 9 of this Chapter. If a parent submits an
3 application to the school for enrollment of the parent's child in the school's educational program,
4 and if the child is determined to meet the eligibility criteria for admission to the school's
5 educational program, the school is responsible for the provision of a free appropriate public
6 ~~education.~~ education upon enrollment. However, a subsequent determination by the school that
7 the student no longer meets eligibility criteria immediately transfers the responsibility for the
8 provision of a special educational program and related services to ensure a free appropriate public
9 education back to the local school administrative unit or charter school in which the student was
10 previously enrolled."

11 **SECTION 7.24.(q)** G.S. 115C-150.13A(h) reads as rewritten:

12 "(h) ~~Due Process Hearing. Eligibility Appeal.~~ – A parent may seek an ~~impartial due~~
13 ~~process hearing appeal to the board of trustees following a final determination on a student's~~
14 ~~eligibility by the director. If the parent pursues a due process hearing to challenge the school's~~
15 ~~ineligibility determination, the student's "stay put" placement shall not be the school but shall be~~
16 ~~the student's local school administrative unit or charter school.~~ superintendent. Parents may not
17 seek an impartial due process hearing regarding any eligibility determination."

18 **SECTION 7.24.(r)** G.S. 150B-1(e) is amended by adding a new subdivision to read:

19 "(29) The Governor Morehead School for the Blind, Eastern North Carolina School
20 for the Deaf, and the North Carolina School for the Deaf, with respect to
21 eligibility determinations under G.S. 115C-150.13A."

22 **SECTION 7.24.(s)** Section 5 of S.L. 2023-10 is repealed.

23 **SECTION 7.24.(t)** For the 2024-2025 school year, the Department of Public
24 Instruction shall administratively house the Governor Morehead School for the Blind, Eastern
25 North Carolina School for the Deaf, and North Carolina School for the Deaf (Schools). The
26 Department of Public Instruction and the Schools shall enter into a memorandum of
27 understanding with regards to the administrative support. At a minimum, the Department of
28 Public Instruction shall provide administrative support in matters related to finance, human
29 resources, and procurement, including for information technology and capital.

30 **SECTION 7.24.(u)** No civil liability shall attach to the State Board of Education, the
31 Department of Public Instruction, the Superintendent of Public Instruction, or to any of their
32 members or employees, individually or collectively, for any acts or omissions of the Governor
33 Morehead School for the Blind, Eastern North Carolina School for the Deaf, and North Carolina
34 School for the Deaf, the boards of trustees of those schools, or their members and employees.

35 **SECTION 7.24.(v)** The Department of Administration, in coordination with the
36 Schools, the Department of Public Instruction, and the Department of Information Technology,
37 shall study the costs and positions needed for support of the Schools and shall report this
38 information and any recommended legislation to the Fiscal Research Division and the Joint
39 Legislative Education Oversight Committee no later than March 1, 2025.

40 **SECTION 7.24.(w)** The Office of the State Controller and Office of State Budget
41 and Management shall ensure that the Schools are established as State agencies prior to July 1,
42 2025.

43 **SECTION 7.24.(x)** The Department of Public Instruction, the Office of the State
44 Controller, the Office of State Budget and Management, and the Department of Administration
45 shall each designate an individual to serve as a liaison for the Schools to assist with technical and
46 administrative questions during the 2024-2025 school year.

47 **SECTION 7.24.(y)** Effective July 1, 2024, the powers, duties, and functions, records,
48 personnel, contracts, property, unexpended balances of appropriations, allocations or other funds,
49 including the functions of budgeting and purchasing, are transferred from the Department of
50 Public Instruction and State Board of Education to the Governor Morehead School for the Blind
51 and Governor Morehead Preschool, Eastern North Carolina School for the Deaf, and North

Carolina School for the Deaf, respectively. The respective boards of trustees of the Governor Morehead School for the Blind, Eastern North Carolina School for the Deaf, and North Carolina School for the Deaf shall exercise all prescribed statutory powers, including the management functions of planning, organizing, staffing, directing, coordinating, reporting, and budgeting.

SECTION 7.24.(z) Subsection (b) of Section 7 of S.L. 2023-10 reads as rewritten:

"SECTION 7.(b) Each board of trustees of the schools for the deaf and blind shall provide interim reports to the Joint Legislative Education Oversight Committee by December 15, 2023, and March 15, 2024, and a final report by ~~July 1, 2024,~~ September 1, 2024, on the plans and progress in transitioning to assumption of administration of the schools for the deaf and blind, with the support of and consultation with staff of the school for that board. The Department of Public Instruction shall provide information as requested to each board of trustees. The reports shall include the following:

...."

SECTION 7.24.(aa) The Department of Administration shall reassign all assets in Complex 1-92-9 to the Governor Morehead School.

SECTION 7.24.(bb) The Governor Morehead School and Department of Health and Human Services shall enter into a memorandum of understanding related to use of assets in Complex 1-92-9 for shared services.

SECTION 7.24.(cc) G.S. 14-458.2(a) reads as rewritten:

"(a) The following definitions apply in this section:

(1) School employee. – The term means any of the following:

- a. An employee of a ~~local board of education, a charter school authorized under G.S. 115C 218.5, a regional school created under G.S. 115C 238.62, a laboratory school created under G.S. 116 239.7,~~ public school unit or a nonpublic school which has filed intent to operate under Part 1 or Part 2 of Article 39 of Chapter 115C of the General Statutes.
- b. An independent contractor or an employee of ~~an independent contractor of a local board of education, a charter school authorized under G.S. 115C 218.5, a regional school created under G.S. 115C 238.62, a laboratory school created under G.S. 116 239.7,~~ a public school unit or a nonpublic school which has filed intent to operate under Part 1 or Part 2 of Article 39 of Chapter 115C of the General Statutes, if the independent contractor carries out duties customarily performed by employees of the school.

(2) Student. – A person who has been assigned to ~~a school by a local board of education as provided in G.S. 115C 366 or has enrolled in a charter school authorized under G.S. 115C 218.5, a regional school created under G.S. 115C 238.62, a laboratory school created under G.S. 116 239.7,~~ public school unit or a nonpublic school which has filed intent to operate under Part 1 or Part 2 of Article 39 of Chapter 115C of the General Statutes, or a person who has been suspended or expelled from any of those schools within the last year."

SECTION 7.24.(dd) G.S. 115C-102.9(b) reads as rewritten:

"(b) Each public school unit shall annually submit all categories of information included in the digital learning dashboard no later than November 15. For subdivisions (2) and (3) of subsection (a) of this section, ~~residential~~ schools for the deaf and blind shall report on access and connectivity separately for the dormitories and the student's home."

SECTION 7.24.(ee) Subsections (a) through (r) of this section are effective July 1, 2024. The remainder of this section is effective when it becomes law.

NORTHEAST REGIONAL SCHOOL OF BIOTECHNOLOGY AND AGRISCIENCE

SECTION 7.25.(a) Chapter 115C of the General Statutes is amended by adding a new Article to read:

"Article 15A.

"Northeast Regional School of Biotechnology and Agriscience.

"§ 115C-229.5. Purpose.

(a) The purpose of this Article is to establish the Northeast Regional School of Biotechnology and Agriscience as a school of choice that will expand student opportunities for educational success through high quality instructional programming in the northeastern region of the State. The Northeast Regional School of Biotechnology and Agriscience may partner with other education partners, including local boards of education, institutions of higher education, or private businesses or organizations, and shall foster, encourage, and promote the development of knowledge and skills in career clusters of critical importance to the region.

(b) The Northeast Regional School of Biotechnology and Agriscience is a political subdivision of the State and shall operate as a public school unit with a board of directors as the governing body.

(c) Except as otherwise provided in this Article and Article 7B of this Chapter, the Northeast Regional School of Biotechnology and Agriscience is exempt from statutes and rules applicable to a local board of education or local school administrative unit.

"§ 115C-229.10. Definitions.

The following definitions apply in this Part:

(1) Regional school. – The Northeast Regional School of Biotechnology and Agriscience.

(2) Regional school board of directors or board of directors. – The governing board of the Northeast Regional School of Biotechnology and Agriscience.

(3) Regional school service area. – The counties of Beaufort, Bertie, Camden, Currituck, Dare, Edenton, Edgecombe, Gates, Halifax, Hertford, Hyde, Martin, Northampton, Pasquotank, Perquimans, Pitt, Tyrrell, and Washington.

"§ 115C-229.15. Board of directors; appointment; terms of office.

(a) The board of directors of the regional school shall consist of the following members:

(1) The Superintendent of Public Instruction shall appoint three members who are either a local board of education member or superintendent of a local school administrative unit in a county where at least five percent (5%) of the students enrolled in the regional school reside.

(2) The State Board of Education shall appoint five members as representatives of the business community, upon the recommendation of the North Carolina Economic Developers Association, who reside in a county where at least five percent (5%) of the students enrolled in the regional school reside. At least one of the appointees shall be a resident of the county in which the regional school is located.

(3) The Parent Advisory Council established by G.S. 115C-229.20 shall appoint one member to the board of directors from among the Council membership. The seat shall be declared vacant if the child of the appointed parent no longer attends the regional school.

(4) Any institution of higher education partner may appoint a representative of the institution of higher education to serve as an ex officio member of the board of directors.

(b) Members shall serve four-year terms of office. Appointed members of the board of directors shall be selected for their interest in and commitment to the importance of public education to regional economic development and to the purposes of the regional school.

(c) Whenever an appointed member of the board of directors ceases to meet the qualifications for appointment or for any reason other than ill health or service in the interest of the State or nation to be present at three successive regular meetings of the board of directors, his or her place as a member of the board of directors shall be deemed vacant. Any member of the board of directors may be removed from office by the appointing authority for misfeasance, malfeasance, or nonfeasance in office. All vacancies shall be filled by the appointing authority for the remainder of the term of office by an individual meeting the qualifications for the vacated seat.

"§ 115C-229.20. Parent Advisory Council; purpose; appointments.

(a) Purpose. – There shall be a Parent Advisory Council to serve as a resource and provide input to the board of directors as to the operation of the regional school. The board of directors shall consult the Parent Advisory Council when considering changes to the regional school's operations that may significantly impact students attending the regional school.

(b) Appointment. – The Superintendent of Public Instruction shall appoint one member from each county where at least five percent (5%) of the students enrolled in the regional school reside to the Parent Advisory Council for a term of four years or until the member's child no longer attends the regional school. Appointees shall be parents or guardians of students attending the regional school and shall, to the extent possible, reflect the demographic composition of the regional school.

"§ 115C-229.25. Board of directors; meetings; rules of procedure; officers.

(a) The board of directors shall meet at least four times a year and may hold special meetings at any time at the call of the chair or upon petition addressed to the chair by a majority of the members of the board of directors. All meetings of the board of directors shall be subject to the requirements of Article 33C of Chapter 143 of the General Statutes.

(b) The board of directors shall elect a chair and a vice-chair from among its members, who shall serve a two-year term.

(c) All members of the board of directors shall be voting members except for the chair, who may vote only on matters to break a tie.

(d) The board of directors shall determine its own rules of procedure and may delegate to such committees as it may create such of its powers as it deems appropriate.

(e) Members of the board of directors shall receive such per diem compensation and necessary travel and subsistence expenses while engaged in the discharge of their official duties as is provided by law for members of State boards and commissions.

"§ 115C-229.30. Board of directors; corporate powers.

(a) The board of directors of the regional school shall be known and distinguished by the name of "The Northeast Regional School of Biotechnology and Agriscience Board of Directors" and shall continue as a body politic and corporate and by that name shall have perpetual succession and a common seal. It shall be able and capable in law to take, demand, receive, and possess all moneys, goods, and chattels that shall be given for the use of the regional school, and to apply to same according to the will of the donors; and by gift, purchase, or devise to receive, possess, enjoy, and retain forever any and all real and personal estate and funds, of whatsoever kind, nature, or quality the same may be, in special trust and confidence that the same, or the profits thereof, shall be applied to and for the use and purpose of establishing and endowing the regional school, and shall have power to receive donations from any source whatsoever, to be devoted exclusively to the purposes of the maintenance of the regional school, or according to the terms of the donation.

(b) The board of directors shall be able and capable in law to bargain, sell, grant, alien, or dispose of and convey and assure to the purchasers any and all such real and personal estate and funds as it may lawfully acquire when the condition of the grant to it or the will of the deviser does not forbid it; and shall be able and capable in law to sue and be sued in all courts whatsoever; and shall have power to open and receive subscriptions; and in general may do all such things as

are usually done by bodies corporate and politic, or such as may be necessary for the promotion of learning and virtue.

"§ 115C-229.35. Board of directors; powers and duties.

The board of directors shall have the following powers and duties:

- (1) The board of directors shall establish the regional school's academic program in accordance with the following:

 - a. The board of directors shall establish the standard course of study for the regional school. This course of study shall set forth the subjects to be taught in each grade and the texts and other educational materials on each subject to be used in each grade. The board of directors shall design its programs to meet at least the student performance standards adopted by the State Board of Education and the student performance standards contained in this Chapter.
 - b. The board of directors shall conduct student assessments required by the State Board of Education.
 - c. The board of directors shall provide the opportunity to earn or obtain credit toward degrees from a community college subject to Chapter 115D of the General Statutes or a constituent institution of The University of North Carolina.
 - d. The board of directors shall adopt a school calendar consisting of a minimum of 185 days or 1,025 hours of instruction covering at least nine calendar months.
 - e. The board of directors shall ensure that financial literacy instruction is provided as required by the State Board of Education pursuant to G.S. 115C-81.65, including required professional development for teachers of the EPF course.
- (2) The board of directors shall establish policies and standards for academic performance, attendance, and conduct for students of the regional school. The policies of the board of directors shall comply with Article 27 of this Chapter.
- (3) Every parent, guardian, or other person in this State having charge or control of a child who is enrolled in the regional school and who is less than 16 years of age shall cause the child to attend school continuously for a period equal to the time that the regional school shall be in session. No person shall encourage, entice, or counsel any child to be unlawfully absent from the regional school. Any person who aids or abets a student's unlawful absence from the regional school shall, upon conviction, be guilty of a Class 1 misdemeanor. The principal shall be responsible for implementing such additional policies concerning compulsory attendance as shall be adopted by the board of directors, including regulations concerning lawful and unlawful absences, permissible excuses for temporary absences, maintenance of attendance records, and attendance counseling.
- (4) The board of directors shall comply with the reporting requirements established by the State Board of Education in the Uniform Education Reporting System.
- (5) The board of directors shall require compliance with laws and policies relating to the education of children with disabilities. The school is subject to and shall comply with Article 9 of Chapter 115C of the General Statutes and The Individuals with Disabilities Education Improvements Act, 20 U.S.C. § 1400, et seq., (2004), as amended.
- (6) The board of directors shall require that the regional school meet the same health and safety standards required of a local school administrative unit.

- (7) The board of directors shall require the regional school to comply with G.S. 115C-375.2A and shall provide the school with a supply of emergency epinephrine auto-injectors necessary to carry out the provisions of that section.
- (8) The regional school shall comply with the requirements for public school units in Part 2 of Article 8C of this Chapter.
- (9) The regional school shall implement the rule addressing student awareness of child abuse and neglect, including sexual abuse, adopted by the State Board of Education under G.S. 115C-12(47).
- (10) The board of directors shall apply the rules and policies established by the State Board of Education for issuance of driving eligibility certificates.
- (11) The regional school shall comply with G.S. 115C-407.40 regarding cultural expression at all graduation ceremonies.
- (12) The regional school shall strive to ensure that one hundred percent (100%) muscadine grape juice is made available to students as a part of the school's nutrition program or through the operation of the school's vending facilities.
- (13) If the regional school organizes athletic teams for middle or high school students to participate in interscholastic or intramural athletic activities, those teams shall be organized in accordance with G.S. 115C-12(23).
- (14) The board of directors shall comply with the purchasing and contract statutes and regulations applicable to local school administrative units.
- (15) The board of directors shall be exempt from Chapter 150B of the General Statutes, except final decisions of the board of directors in a contested case shall be subject to judicial review in accordance with Article 4 of Chapter 150B of the General Statutes.
- (16) The regional school shall ensure that the report card issued for it by the State Board of Education receives wide distribution to the local press or is otherwise provided to the public. A regional school shall ensure that the overall school performance score and grade earned by the regional school for the current and previous four school years is prominently displayed on the school website. If a regional school earned an overall school performance grade of D or F, the regional school shall provide notice of the grade in writing to the parent or guardian of all students enrolled in that school.
- (17) The board of directors is encouraged to adopt a policy against bullying or harassing behavior, including cyber-bullying, for the regional school that is consistent with the provisions of Article 29C of this Chapter. If the board of directors adopts a policy to prohibit bullying and harassing behavior, the regional school shall, at the beginning of each school year, provide the policy to staff, students, and parents as defined in G.S. 115C-390.1(b)(8).
- (18) The regional school is encouraged to facilitate access for students to participate in activities provided by any youth group listed in Title 36 of the United States Code as a patriotic society, such as the Boy Scouts of America, and its affiliated North Carolina groups and councils, and the Girl Scouts of the United States of America, and its affiliated North Carolina groups and councils. Student participation in any activities offered by these organizations shall not interfere with instructional time during the school day for the purposes of encouraging civic education.
- (19) The board of directors shall comply with the requirements of G.S. 115C-523.1 and G.S. 115C-523.2 for any regional school building owned by the board of directors.
- (20) The board of directors shall adopt and implement a child sexual abuse and sex trafficking training program in accordance with G.S. 115C-375.20.

- (21) The regional school shall adopt a school-based mental health plan, including a mental health training program and suicide risk referral protocol, in accordance with G.S. 115C-376.5.
- (22) The regional school shall annually report the information required by G.S. 115C-12(48) to the State Board of Education, the Senate Appropriations Committee on Education/Higher Education, and the House Appropriations Committee on Education no later than September 15.
- (23) The regional school shall annually update information to the digital learning dashboard, as required by G.S. 115C-102.9.
- (24) The board of directors shall develop a plan to provide transportation to the students enrolled in the regional school, which may include entering into interlocal agreements with local school administrative units.
- (25) The board of directors, to the extent practicable, shall provide school food services to the regional school. School food services may be provided by entering into an interlocal agreement with a local school administrative unit. For purposes of federal funding through the National School Lunch Program or other federally supported food service programs, a local school administrative unit that has entered into an interlocal agreement with the regional school for the purpose of providing school food services shall be permitted to include eligible students enrolled in the regional school.

"§ 115C-229.40. Student admissions and assignment.

- (a) The regional school may serve grades seven through 12.
- (b) A student domiciled in a county within the regional school service area is eligible to attend the regional school. A student's eligibility to remain enrolled in the regional school shall terminate at the end of any school year during which a student ceases to satisfy the residency requirements.
- (c) The board of directors shall establish criteria, standards, and procedures for admission of students. The admission criteria may give priority to students with no parent that has completed a two- or four-year degree and shall include the following:
- (1) Demonstrated academic achievement.
- (2) Demonstrated student interest in attendance.
- (3) Documented parental support for student attendance.
- (d) If the number of eligible students meeting the board of directors' admission criteria exceeds the seats available, students shall be accepted by lot.

"§ 115C-229.45. Employees.

The board of directors shall appoint all certified and noncertified staff.

- (1) The board of directors shall employ and contract with a principal for a term not to exceed three years. The principal shall meet the requirements for certification set out in G.S. 115C-284, unless waived by the State Board of Education upon submission of a request by the board of directors. The principal shall be responsible for school operations and shall exercise those duties and powers delegated by the board of directors.
- (2) The board of directors shall employ and contract with necessary teachers to perform the particular service for which they are employed in the school. At least fifty percent (50%) of teachers employed by the board of directors shall hold teacher licensure, unless waived by the State Board of Education upon submission of a request by the board of directors.
- (3) If a teacher employed by a local school administrative unit makes a written request for a leave of absence to teach at the regional school, the local school administrative unit shall grant the leave for one year. For the initial year of the regional school's operation, the local school administrative unit may require

that the request for a leave of absence be made up to 45 days before the teacher would otherwise have to report for duty. After the initial year of the regional school's operation, the local school administrative unit may require that the request for a leave of absence be made up to 90 days before the teacher would otherwise have to report for duty. A local board of education is not required to grant a request for a leave of absence or a request to extend or renew a leave of absence for a teacher who previously has received a leave of absence from that school board under this subdivision. A teacher who has received a leave of absence to teach at a regional school may return to a public school in the local school administrative unit at the end of the leave of absence or upon the end of employment at the regional school if an appropriate position is available. If a teacher has career status under G.S. 115C-325 prior to receiving a leave of absence to teach at the regional school, the teacher may return to a public school in the local school administrative unit with career status at the end of the leave of absence or upon the end of employment at the regional school if an appropriate position is available. If an appropriate position is unavailable, the teacher's name shall be placed on a list of available teachers in accordance with G.S. 115C-325(e)(2).

- (4) The board of directors also may employ necessary employees who are not required to hold teacher licensure to perform duties other than teaching and may contract for other services.
- (5) An employee of the board of directors is not an employee of the local school administrative unit in which the regional school is located. The board of directors may discharge certified and noncertified employees according to the terms of the employment contract.
- (6) Employees of the board of directors shall participate in the Teachers' and State Employees' Retirement System and the State Health Plan on the same terms as employees employed by local boards of education.
- (7) Employees of the board of directors shall be exempt from Chapter 126 of the General Statutes, except for Articles 6 and 7 and G.S. 126-8.6.
- (8) Teachers employed by the board of directors shall be eligible for paid parental leave as provided in G.S. 126-8.6. The board of directors shall be eligible to receive funds as provided in G.S. 115C-336.1(b).

"§ 115C-229.50. Criminal history record checks.

(a) As used in this section:

- (1) "Criminal history" means a county, state, or federal criminal history of conviction of a crime, whether a misdemeanor or a felony, that indicates an individual (i) poses a threat to the physical safety of students or personnel or (ii) has demonstrated that he or she does not have the integrity or honesty to fulfill his or her duties as school personnel. These crimes include the following North Carolina crimes contained in any of the following Articles of Chapter 14 of the General Statutes: Article 5A, Endangering Executive and Legislative, and Court Officers; Article 6, Homicide; Article 7B, Rape and Other Sex Offenses; Article 8, Assaults; Article 10, Kidnapping and Abduction; Article 13, Malicious Injury or Damage by Use of Explosive or Incendiary Device or Material; Article 14, Burglary and Other Housebreakings; Article 15, Arson and Other Burnings; Article 16, Larceny; Article 17, Robbery; Article 18, Embezzlement; Article 19, False Pretense and Cheats; Article 19A, Obtaining Property or Services by False or Fraudulent Use of Credit Device or Other Means; Article 20, Frauds; Article 21, Forgery; Article 26, Offenses Against Public Morality and Decency; Article 26A, Adult

Establishments; Article 27, Prostitution; Article 28, Perjury; Article 29, Bribery; Article 31, Misconduct in Public Office; Article 35, Offenses Against the Public Peace; Article 36A, Riots and Civil Disorders; Article 39, Protection of Minors; and Article 60, Computer-Related Crime. These crimes also include possession or sale of drugs in violation of the North Carolina Controlled Substances Act, Article 5 of Chapter 90 of the General Statutes, and alcohol-related offenses such as sale to underage persons in violation of G.S. 18B-302 or driving while impaired in violation of G.S. 20-138.1 through G.S. 20-138.5. In addition to the North Carolina crimes listed in this subdivision, such crimes also include similar crimes under federal law or under the laws of other states.

(2) "School personnel" means any of the following:

- a. Member of the board of directors.
- b. Employee of the regional school.
- c. Independent contractor or employee of an independent contractor of the regional school if the independent contractor carries out duties customarily performed by school personnel, whether paid with federal, State, local, or other funds, who has significant access to students or who has responsibility for the fiscal management of the regional school.

(b) The board of directors shall adopt a policy on whether and under what circumstances school personnel shall be required to be checked for a criminal history. The board of directors shall apply its policy uniformly in requiring school personnel to be checked for a criminal history. The board of directors may grant conditional approval of an application while the board of directors is checking a person's criminal history and making a decision based on the results of the check. The board of directors shall not require school personnel to pay for the criminal history record check authorized under this section.

(c) The board of directors shall require the person to be checked by the Department of Public Safety (i) to be fingerprinted and to provide any additional information required by the Department of Public Safety to a person designated by the board of directors or to the local sheriff or the municipal police, whichever is more convenient for the person, and (ii) to sign a form consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the repositories. The board of directors shall consider refusal to consent when making employment decisions and decisions with regard to independent contractors. The fingerprints of the individual shall be forwarded to the State Bureau of Investigation for a search of the State criminal history record file, and the State Bureau of Investigation shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Department of Public Safety shall provide to the board of directors the criminal history from the State and National Repositories of Criminal Histories of any school personnel for which the board of directors requires a criminal history record check. The board of directors shall not require school personnel to pay for the fingerprints authorized under this section.

(d) The board of directors shall review the criminal history it receives on an individual. The board of directors shall determine whether the results of the review indicate that the individual (i) poses a threat to the physical safety of students or personnel or (ii) has demonstrated that he or she does not have the integrity or honesty to fulfill his or her duties as school personnel and shall use the information when making employment decisions and decisions with regard to independent contractors. The board of directors shall make written findings with regard to how it used the information when making employment decisions and decisions with regard to independent contractors. The board of directors may delegate any of the duties in this subsection to the principal.

(e) The board of directors, or the principal if designated by the board of directors, shall provide to the State Board of Education the criminal history it receives on a person who is certificated, certified, or licensed by the State Board of Education. The State Board of Education shall review the criminal history and determine whether the person's certificate or license should be revoked in accordance with State laws and rules regarding revocation.

(f) All the information received by the board of directors through the checking of the criminal history or by the State Board of Education in accordance with this section is privileged information and is not a public record but is for the exclusive use of the board of directors or the State Board of Education. The board of directors or the State Board of Education may destroy the information after it is used for the purposes authorized by this section after one calendar year.

(g) There shall be no liability for negligence on the part of the board of directors, or its employees, or the State Board of Education, the Superintendent of Public Instruction, or any of their members or employees, individually or collectively, arising from any act taken or omission by any of them in carrying out the provisions of this section. The immunity established by this subsection shall not extend to gross negligence, wanton conduct, or intentional wrongdoing that would otherwise be actionable. The immunity established by this subsection shall be deemed to have been waived to the extent of indemnification by insurance, indemnification under Articles 31A and 31B of Chapter 143 of the General Statutes, and to the extent sovereign immunity is waived under the Tort Claims Act, as set forth in Article 31 of Chapter 143 of the General Statutes.

(h) Any applicant for employment who willfully furnishes, supplies, or otherwise gives false information on an employment application that is the basis for a criminal history record check under this section shall be guilty of a Class A1 misdemeanor.

(i) The board of directors may adopt a policy providing for uniform periodic checks of criminal history of employees. Boards of directors shall not require employees to pay for the criminal history check authorized under this subsection. A board of directors shall indicate, upon inquiry by any other local board of education, charter school, or regional school in the State as to the reason for an employee's resignation or dismissal. If a teacher's criminal history is relevant to a teacher's resignation, the board of directors shall report to the State Board of Education the reason for an employee's resignation.

§ 115C-229.55. Finance and budget.

(a) The board of directors shall have all the rights, duties, and obligations for receipt, accounting, and dispersing of funds for the school, including all the rights, duties, and obligations specified in Article 31 of this Chapter. The board may contract with a local school administrative unit to serve as the finance agent for the board and shall provide reasonable compensation to the local school administrative unit for this service. Upon such agreement, that local school administrative unit shall act as agent for the board in all receipt, accounting, and dispersing functions, but the board shall retain liability for compliance with Article 31 of this Chapter.

(b) A regional school may request appropriations directly from a city, as authorized by G.S. 160A-700.

(c) With respect to the receipt, deposit, and disbursement of moneys (i) required by law to be deposited with the State Treasurer or (ii) made available for expenditure by warrants drawn on the State Treasurer, regional schools are subject to Article 6A of Chapter 147 of the General Statutes.

(d) The State Board of Education shall allocate to the regional school:

(1) An amount equal to the average per pupil allocation for average daily membership from the local school administrative unit allotments in which the regional school is located for each child attending the regional school except for the allocation for children with disabilities and for the allocation for children with limited English proficiency.

- (2) An additional amount for each child attending the regional school who is a child with disabilities. In the event a child with disabilities leaves the regional school and enrolls in a local school administrative unit during the first 60 school days in the school year, the regional school shall return a pro rata amount of funds allocated for that child to the State Board, and the State Board shall reallocate those funds to the local school administrative unit in which the public school is located. In the event a child with disabilities enrolls in a regional school during the first 60 school days in the school year, the State Board shall allocate to the regional school the pro rata amount of additional funds for children with disabilities.
- (3) An additional amount for children with limited English proficiency attending the regional school, based on a formula adopted by the State Board.
- (4) An additional amount equal to the average per pupil share of the local current expense fund of all of the local school administrative units in the regional school service area for the prior fiscal year."

SECTION 7.25.(b) G.S. 14-458.2(a) reads as rewritten:

"(a) The following definitions apply in this section:

- (1) School employee. – The term means any of the following:
- An employee of a local board of education, a charter school authorized under G.S. 115C-218.5, ~~a regional school created under G.S. 115C-238.62,~~ the regional school established by G.S. 115C-229.5, a laboratory school created under G.S. 116-239.7, or a nonpublic school which has filed intent to operate under Part 1 or Part 2 of Article 39 of Chapter 115C of the General Statutes.
 - An independent contractor or an employee of an independent contractor of a local board of education, a charter school authorized under G.S. 115C-218.5, ~~a regional school created under G.S. 115C-238.62,~~ the regional school established by G.S. 115C-229.5, a laboratory school created under G.S. 116-239.7, or a nonpublic school which has filed intent to operate under Part 1 or Part 2 of Article 39 of Chapter 115C of the General Statutes, if the independent contractor carries out duties customarily performed by employees of the school.
- (2) Student. – A person who has been assigned to a school by a local board of education as provided in G.S. 115C-366 or has enrolled in a charter school authorized under G.S. 115C-218.5, ~~a regional school created under G.S. 115C-238.62,~~ the regional school established by G.S. 115C-229.5, a laboratory school created under G.S. 116-239.7, or a nonpublic school which has filed intent to operate under Part 1 or Part 2 of Article 39 of Chapter 115C of the General Statutes, or a person who has been suspended or expelled from any of those schools within the last year."

SECTION 7.25.(c) G.S. 58-31A-1(2) reads as rewritten:

- "(2) Public education board. – A local board of education of a local school administrative unit, as defined in G.S. 115C-5(5), ~~a board of trustees of a regional school, as defined in G.S. 115C-238.63,~~ the board of directors of the regional school established by G.S. 115C-229.5, or a board of trustees of a community college, as defined in G.S. 115D-12."

SECTION 7.25.(d) G.S. 115B-2(a)(6) reads as rewritten:

- "(6) Any child enrolled in a regional school established pursuant to ~~Part 10 of Article 16~~ Article 15A of Chapter 115C of the General Statutes who enrolls

in classes at a constituent institution or community college which has a written agreement with the regional school."

SECTION 7.25.(e) G.S. 115C-238.50A(1a)c. reads as rewritten:

"c. It is located on the campus of the partner institution of higher education, unless the governing Board or the local board of trustees for a private North Carolina college specifically waives the requirement through adoption of a formal resolution. This criterion shall not apply to a regional school established as provided in ~~Part 10 of this Article.~~ Article 15A of this Chapter."

SECTION 7.25.(f) Part 10 of Article 16 of Chapter 115C of the General Statutes is repealed.

SECTION 7.25.(g) G.S. 126-5(c1)(8a) reads as rewritten:

"(8a) Employees of a regional school established pursuant to ~~Part 10 of Article 16~~ Article 15A of Chapter 115C of the General Statutes."

SECTION 7.25.(h) G.S. 143B-931(b) reads as rewritten:

"(b) The Department of Public Safety may provide a criminal history record check to the board of directors of a regional school of a person who is employed at ~~a the~~ regional school or of a person who has applied for employment at ~~a the~~ regional school if the employee or applicant consents to the record check. ~~The In accordance with G.S. 115C-229.50, the~~ Department may also provide a criminal history record check of school personnel ~~as defined in G.S. 115C-238.73~~ by fingerprint card to the board of directors of the regional school from the National Repositories of Criminal Histories, ~~in accordance with G.S. 115C-238.73. The and the~~ information shall be kept confidential by the board of directors of the regional school ~~as provided in G.S. 115C-238.73.school.~~"

SECTION 7.25.(i) G.S. 160A-700(d)(5) reads as rewritten:

"(5) A regional school ~~created under Part 10 of Article 16~~ established by Article 15A of Chapter 115C of the General Statutes."

SECTION 7.25.(j) Notwithstanding G.S. 115C-229.15, as enacted by this section, the terms of members serving on the board of directors as of the date this act becomes law shall terminate on June 30, 2025. Initial appointments to the board of directors in accordance with G.S. 115C-229.15 shall be made for terms beginning July 1, 2025. The Superintendent of Public Instruction shall appoint two members to two-year terms and one member to a four-year term beginning July 1, 2025. The State Board of Education shall appoint two members to two-year terms and three members to four-year terms beginning July 1, 2025. Thereafter, all appointees shall serve four-year terms.

SECTION 7.25.(k) The title to and ownership of all property of the Northeast Regional School of Biotechnology and Agriscience, established as provided in Part 10 of Article 16 of Chapter 115C of the General Statutes, both real and personal of every kind and description, shall be vested in the Northeast Regional School of Biotechnology and Agriscience as established by Article 15A of Chapter 115C of the General Statutes, as enacted by this act, by July 1, 2024. All claims and demands of every kind related to the Northeast Regional School of Biotechnology and Agriscience, established as provided in Part 10 of Article 16 of Chapter 115C of the General Statutes, shall pass and be transferred to the Northeast Regional School of Biotechnology and Agriscience as established by Article 15A of Chapter 115C of the General Statutes, as enacted by this act by July 1, 2024, and the board of directors of the Northeast Regional School of Biotechnology and Agriscience shall have the same powers and authority to enforce said claims and demands. Any obligations and liabilities related to the Northeast Regional School of Biotechnology and Agriscience, established as provided in Part 10 of Article 16 of Chapter 115C of the General Statutes, shall become the obligations of the Northeast Regional School of Biotechnology and Agriscience as established by Article 15A of Chapter 115C of the General Statutes, as enacted by this act by July 1, 2024, and such obligations and liabilities may be

enforced against the board of directors of the Northeast Regional School of Biotechnology and Agriscience thereafter to the same extent that they might have otherwise been enforced.

SECTION 7.25.(I) Subsections (a) through (i) of this section are effective July 1, 2024. The remainder of this section is effective when it becomes law.

ADMINISTRATIVE CHANGES TO DRIVER EDUCATION PROGRAM, INCLUDING CREATION OF A FLEET FUND

SECTION 7.26.(a) Article 2 of Chapter 20 of the General Statutes is amended by adding a new section to read:

"§ 20-11.3. Driver education program for public school units.

(a) The Division, in consultation with the State Highway Patrol, the North Carolina Sheriffs' Association, the North Carolina Association of Chiefs of Police, and the State Board of Education, shall develop a standardized program of driver education to be administered by public school units at the public high schools of this State for the purpose of making available public education to all students on driver safety and training.

(b) The driver education curriculum shall include the following:

(1) Instruction on the rights and privileges of the handicapped and the signs and symbols used to assist the handicapped relative to motor vehicles, including the "international symbol of accessibility" and other symbols and devices as provided in Article 2A of this Chapter.

(2) At least six hours of instruction on the offense of driving while impaired and related subjects.

(3) At least six hours of actual driving experience. To the extent practicable, this experience may include at least one hour of instruction on the techniques of defensive driving.

(4) At least one hour of motorcycle safety awareness training.

(5) Instruction on all topics identified in G.S. 20-88.1.

(c) The Division, in consultation with the State Board of Education, shall develop goals and performance indicators for the program, including the number of participants as compared to the number of persons projected to be eligible to participate in the program, the implementation of a standard curriculum for the program, expenditures for the program, and the success rate of program participants in receiving a drivers license.

(d) The Division shall provide initial training to public school driver education instructors as part of the State Board of Education certification process for instructors adopted pursuant to G.S. 115C-215(e1). The Division may charge a public school unit for initial instructor training, but the charge shall not exceed the actual cost of providing the training.

(e) The Division may develop literature, study guides, worksheets, or any other aids to assist instructors in facilitating the driver education program. The Division may charge for any supplies provided, but the charge shall not exceed the actual cost of producing the materials."

SECTION 7.26.(b) G.S. 115C-215 reads as rewritten:

"§ 115C-215. Administration of driver education program by the Department of Public Instruction.

(a) ~~In accordance with criteria and standards approved rules adopted by the State Board of Education, the State Superintendent of Public Instruction shall organize and administer a the standardized program of driver education to be offered program developed by the Department of Transportation, Division of Motor Vehicles, pursuant to G.S. 20-11.3, at the public high schools of this State for all physically and mentally qualified persons who (i) are older than 14 years and six months, (ii) are approved by the principal of the school, pursuant to rules adopted by the State Board of Education, (iii) are enrolled in a public or private high school within the State or are receiving instruction through a home school as provided by Part 3 of Article 39 of Chapter 115C of the General Statutes, and (iv) have not previously enrolled in the program. The driver~~

education program shall be for the purpose of making available public education to all students on driver safety and training. State. The State Board of Education shall use for this purpose all funds appropriated pursuant to subsection (f) of this section to the Department of Public Instruction and may use all other funds that become available for its use for this purpose.

(a1) A student is eligible to enroll in the driver education program if the student meets all of the following conditions:

- (1) Is physically and mentally capable of operating a motor vehicle.
- (2) Is older than 14 years and 6 months.
- (3) The principal, or equivalent, has approved the student to participate in the course pursuant to the rules for participation adopted by the State Board of Education.
- (4) Attends a high school in a public school unit, an academic program under Part 1, Part 2, or Part 3 of Article 39 of Chapter 115C of the General Statutes, or an educational program operated by an agency of the State.
- (5) Has not previously enrolled in the program.

(b) ~~The driver education curriculum shall include the following:~~

- (1) ~~Instruction on the rights and privileges of the handicapped and the signs and symbols used to assist the handicapped relative to motor vehicles, including the "international symbol of accessibility" and other symbols and devices as provided in Article 2A of Chapter 20 of the General Statutes.~~
- (2) ~~At least six hours of instruction on the offense of driving while impaired and related subjects.~~
- (3) ~~At least six hours of actual driving experience. To the extent practicable, this experience may include at least one hour of instruction on the techniques of defensive driving.~~
- (4) ~~At least one hour of motorcycle safety awareness training.~~
- (5) ~~Instruction on law enforcement procedures for traffic stops that is developed in consultation with the State Highway Patrol, the North Carolina Sheriff's Association, and the North Carolina Association of Chiefs of Police. The instruction shall provide a description of the actions that a motorist should take during a traffic stop, including appropriate interactions with law enforcement officers.~~

(c) ~~The State Board of Education shall establish and implement a strategic plan for the driver education program. At a minimum, the strategic plan shall consist of goals and performance indicators, including the number of program participants as compared to the number of persons projected to be eligible to participate in the program, the implementation of a standard curriculum for the program, expenditures for the program, and the success rate of program participants in receiving a drivers license as reported by the Division of Motor Vehicles. The strategic plan shall also outline specific roles and duties of an advisory committee consisting of employees of the Division of Motor Vehicles and the Department of Public Instruction and other stakeholders in driver education.~~

(c1) If a local school administrative unit does not comply with any reporting requirements imposed on the unit for the purposes of implementing the strategic plan program established by the State Board of Education pursuant to subsection (c) of this section, Division of Motor Vehicles under G.S. 20-11.3, the Department of Public Instruction may withhold up to five percent (5%) of the State funds allocated to a local school administrative unit for driver education until the unit reports the information required by the Department.

(d) The State Board of Education shall adopt a salary range for the delivery of driver education courses by driver education instructors who are public school employees. The salary range shall be based on the driver education instructor's qualifications, certification, and licensure specific to driver education.

(e) The State Board of Education shall adopt rules to permit local boards of education to enter contracts with public or private entities to provide a program of driver education at public high schools.

~~(e1) All driver education instructors shall meet the requirements established by the~~ The State Board of Education; ~~provided, however, Education shall set the requirements to become a~~ certified public school driver education instructor. ~~At a minimum, instructors shall be required to attend driver instructor training with the Division of Motor Vehicles. The Board may add additional requirements beyond the initial training, however, instructors shall not be required to hold teacher certificates.~~

(f) The clear proceeds of the ~~newly established~~ motor vehicle registration late fee charged pursuant to ~~G.S. 20-88.03, as enacted by S.L. 2015-241,~~ G.S. 20-88.03 shall be used to provide a dedicated source of revenue for the drivers education program administered by the Department of Public Instruction in accordance with this section and shall be appropriated by the General Assembly for this purpose ~~for the 2016-2017 fiscal year and subsequent fiscal years thereafter each fiscal year.~~

~~(g) Of the funds appropriated to the Department of Public Instruction each fiscal year pursuant to subsection (f) of this section, the Department may use up to one hundred sixty four thousand six hundred ninety dollars (\$164,690), as adjusted to reflect legislative salary increments, retirement rate adjustments, and health benefit adjustments, for the direct costs for the statewide administration of the program, including any necessary positions."~~

SECTION 7.26.(c) G.S. 115C-216 reads as rewritten:

"§ 115C-216. Boards of education required to provide courses in operation of motor vehicles.

(a) Course of Training and Instruction Required in Public High Schools. – Local boards of education shall offer noncredit driver education courses in high schools using the standardized curriculum ~~provided by the Department of Public Instruction developed by the Department of Transportation, Division of Motor Vehicles.~~

...."

SECTION 7.26.(d) Article 14 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-216.5. Funds for Driver Education Fleet.

(a) There is established the Driver Education Fleet funding allotment within the State Public School Fund. This allotment shall be a nonreverting allotment consisting of any moneys appropriated to it by the General Assembly and any moneys appropriated to the Driver Education allotment that are not expended by June 30 of the fiscal year.

(b) The State Board of Education shall establish the purposes for which the funds within the new Driver Education Fleet funding allotment may be used for as the purchase and maintenance of vehicles to be used for driver education."

SECTION 7.26.(e) G.S. 20-7(m)(1a) reads as rewritten:

"(1a) A driver training instructor qualified under ~~G.S. 115C-215(e)~~ G.S. 115C-215 or G.S. 20-323(b) may administer any vision test or examination of physical condition required for the issuance of a restricted instruction permit to an applicant under this section. The examining instructor may also provide any signature required by the Division to verify the results of the vision test and examination of physical condition."

SECTION 7.26.(f) G.S. 20-322(b) reads as rewritten:

"(b) Regulations adopted by the Commissioner shall state the requirements for a school license, including requirements concerning location, equipment, courses of instruction, instructors, financial statements, schedule of fees and charges, character and reputation of the operators, insurance, bond or other security in such sum and with such provisions as the Commissioner deems necessary to protect adequately the interests of the public, and such other

1 matters as the Commissioner may prescribe. A driver education course offered to prepare an
2 individual for a limited learner's permit or another provisional license must meet the requirements
3 set in ~~G.S. 115C-215~~ G.S. 20-11.3 for the program of driver education offered in the public
4 schools."

5 **SECTION 7.26.(g)** As part of the certification of the budget for the 2024-2025 fiscal
6 year, the Department of Public Instruction shall transfer to the Department of Transportation to
7 be assigned to the Division of Motor Vehicles to develop the driver education program as
8 required under G.S. 20-11.3, as enacted by this section, one full-time equivalent position for the
9 Director of the Driver Education Program, position number 65027737.

10
11 **CLARIFY ROLE OF CHARTER SCHOOL REVIEW BOARD**

12 **SECTION 7.27.(a)** G.S. 115C-218 reads as rewritten:

13 **"§ 115C-218. Purpose of charter schools; role of State Board of Education; establishment**
14 **of North Carolina Charter Schools Review Board and North Carolina Office of**
15 **Charter Schools.**

16 ...

17 (a1) State Board of Education. – The State Board of Education shall have the following
18 duties regarding charter schools:

- 19 (1) Rulemaking. – To establish all rules for the operation and approval of charter
20 schools. Any rule adopted by the State Board regarding charter schools shall
21 first be approved and recommended by the Charter Schools Review Board.
22 (2) Funding. – To allocate funds to charter schools.
23 (3) Appeals. – To hear appeals from decisions of the Charter Schools Review
24 Board under G.S. 115C-218.9.
25 (4) Accountability. – To ensure accountability from charter schools for school
26 finances and student performance.

27 (b) North Carolina Charter Schools Review Board. –

28 ...

29 (10) Powers and duties. – The Review Board shall have the following duties:

- 30 a. To ~~make recommendations to the State Board of Education on the~~
31 ~~adoption of~~ propose, recommend, and approve rules to the State Board
32 of Education regarding all aspects of charter school operation,
33 including time lines, standards, and criteria for acceptance and
34 approval of applications, monitoring of charter schools, and grounds
35 for revocation of charters.
36 b. To review and approve or deny charter applications, renewals, ~~and~~
37 ~~revocations~~ revocations, and terminations.
38 c. To make recommendations to the State Board on actions before the
39 State Board on appeal under G.S. 115C-218.9.
40 d. To undertake any other duties and responsibilities as assigned by the
41 State Board.
42 e. To review any decisions or conduct any hearings pursuant to 20 U.S.C.
43 § 1231b-2 concerning the provision, repayment, or termination of
44 funds provided to a charter school.
45 f. To contract for and employ legal counsel, including private counsel,
46 to advise, represent, and provide litigation services to the Review
47 Board, without need to obtain permission or approval pursuant to
48 G.S. 114-2.3 or G.S. 147-17.

49 ...

50 (c) North Carolina Office of Charter Schools. –

51 ...

(2) Executive Director. – The Executive Director shall report to and serve at the pleasure of the ~~Superintendent of Public Instruction~~ Review Board at a salary established by the ~~Superintendent~~ Review Board within the funds appropriated for this purpose. The duties of the Executive Director shall include presenting the recommendations and decisions of the Review Board at meetings of the State Board.

...."

SECTION 7.27.(b) G.S. 115C-218.105 reads as rewritten:

"§ 115C-218.105. State and local funds for a charter school.

...

(a2) The State Board ~~shall~~ may withhold or reduce distribution of funds to a charter school if any of the following applies:

- (1) The change in funding is due to an annual adjustment based on enrollment or is a general adjustment to allocations that is not specific to the charter or actions of that charter school.
- (2) The Review Board notifies the State Board that the charter school has materially violated a term of its charter, has violated a State statute or federal law, or has had its charter terminated or nonrenewed.
- (3) The ~~Superintendent of Public Instruction~~ Review Board notifies the State Board that the charter school has failed to meet generally accepted standards of fiscal management or has violated a State or federal requirement for receipt of funds.

(c2) The ~~Superintendent of Public Instruction~~ Review Board shall, in consultation with charter schools and local school administrative units, create a standardized enrollment verification and transfer request document that each charter school shall use to request the per pupil share of the local current expense fund from the local school administrative units. Charter schools shall only be required to list the name, age, grade, address, date of charter enrollment, date of charter withdrawal, district of residence, and student identification number of each student as provided to the charter school by the student's parent or guardian in the enrollment verification and transfer request document that the charter school submits to the local school administrative units. A charter school, in its discretion, may take further steps to confirm the student's residence in a particular local school administrative unit.

(c3) The ~~Superintendent of Public Instruction~~ Review Board shall, in consultation with charter schools and local school administrative units, create a standardized procedure that local school administrative units shall use when transferring the per pupil share of the local current expense fund to charter schools. The standardized procedure for transfer of the per pupil share of the local current expense fund shall require, to the extent practicable, that the local school administrative units make the transfers by electronic transfer.

...."

SECTION 7.27.(c) G.S. 115C-218.9 reads a rewritten:

"§ 115C-218.9. Appeals to the State Board of Education.

(a) An ~~applicant, charter school, or the State Superintendent~~ applicant or charter school may appeal a final decision of the Review Board to grant, renew, revoke, or amend a charter by submitting notice to the Chair of the State Board of Education within 10 days of the Review Board's decision. Copies of the notice shall be sent to the Executive Director of the Office of Charter Schools, State Superintendent, the Chair of the Review Board, and the applicant or charter school affected.

...."

**REPORTING REQUIREMENT, EXCEPTION EXTENSION, AND SUPPLEMENT
CLARIFICATION FOR ADVANCED TEACHING ROLES**

1 **SECTION 7.28.(a)** G.S. 115C-311 reads as rewritten:

2 "**§ 115C-311. Teacher compensation models and advanced teaching roles.**

3 ...
4 (f) Renewal and Termination of Program Participation. – The initial selected local school
5 administrative units shall implement their approved plans beginning with the 2021-2022 school
6 year. Every five years after a local school administrative unit begins implementing its plan, the
7 State Board of Education shall review the unit to ensure the unit is complying with the approved
8 plan. As part of the review, the State Board shall consider at least the following information:

9 (1) The total number of teachers in advanced teaching roles in the unit-unit, the
10 number of teachers in each advanced teaching role, and the number of students
11 receiving instruction from those teachers.

12 (1a) For each school in the advanced teaching role unit, the total number of
13 teachers in advanced teaching roles in the school, the number of teachers in
14 each advanced teaching role, and the number of students receiving instruction
15 from those teachers.

16 (2) Growth scores for students calculated pursuant to G.S. 115C-83.15.

17 (3) Achievement scores for students calculated pursuant to G.S. 115C-83.15.

18 (4) Retention of effective teachers.

19 (5) Results of the Teacher Working Conditions Survey.

20 (6) Ratings of teachers through the North Carolina Teacher Evaluation System.

21 (7) Evidence that higher performing teachers have been selected to serve in an
22 advanced teaching role.

23 (8) A description of the activities undertaken by teachers in advanced teaching
24 roles that lead other teachers to (i) support the professional development of
25 teachers on their team and (ii) enhance instruction by better aligning teachers'
26 strengths with student needs.

27 (9) The amount and funding source for any salary supplement received by
28 advanced teaching roles teachers in the unit.

29 (10) A description of the amount of release time given to each teacher in an
30 advanced teaching role that leads other teachers and how the school facilitates
31 providing that release time.

32 ...
33 (h1) ~~The Report.~~ – No later than October 15 of each year, the State Board shall ~~provide~~
34 ~~any report required in accordance with this subsection~~ the results of any evaluation conducted
35 pursuant to subsection (h) of this section and a copy of the information listed in subsection (f) of
36 this section to the offices of the President Pro Tempore of the Senate and the Speaker of the
37 House of Representatives, the Senate Appropriations/Base Budget Committee, the House
38 Committee on Appropriations, the Senate Appropriations Committee on Education/Higher
39 Education, the House Appropriations Committee on Education, the Fiscal Research Division,
40 and the Joint Legislative Education Oversight Committee.

41 (i) Class Size Flexibility. – Notwithstanding G.S. 115C-301, ~~with the approval of the~~
42 ~~State Board of Education,~~ Advanced Teaching Roles schools selected to participate in the
43 program may exceed the maximum class size requirements for kindergarten through third grade
44 ~~during any term of up to three years in which State funds are awarded to the local school~~
45 ~~administrative unit where the school is located. At the conclusion of the term, any class size~~
46 ~~flexibility approved for an Advanced Teaching Roles school pursuant to this subsection shall~~
47 ~~expire until June 30, 2026.~~

48 "

49 **SECTION 7.28.(b)** G.S. 115C-312 reads as rewritten:

50 "**§ 115C-312. Salary supplements for teachers in Advanced Teaching Roles schools.**

51 ...

(b) ~~Notwithstanding G.S. 115C-311, to the extent funds are made available for this purpose, the State Board of Education shall award funds to local school administrative units for annual salary supplements for teachers in accordance with this section. Advanced Teaching Roles units shall may designate up to fifteen percent (15%) of the teachers in each Advanced Teaching Roles school as adult leadership teachers and five percent (5%) of the teachers in each Advanced Teaching Roles school as classroom excellence teachers. Advanced Teaching Roles units shall provide~~ To the extent funds are made available for the purpose, teachers serving in an advanced teaching role, as defined by this section, are eligible to receive salary supplements for those teachers as follows:

(1) Ten thousand dollars (\$10,000) for adult leadership teachers.

(2) Three thousand dollars (\$3,000) for classroom excellence teachers.

(b1) Notwithstanding G.S. 115C-311, to the extent funds are made available for this purpose, the State Board of Education shall award funds to Advanced Teaching Roles units for annual salary supplements for teachers and the receiving Advanced Teaching Roles units shall provide the salary supplement to participating teachers in accordance with this section. If State funds are insufficient to cover the full amount of supplement identified in subsection (b) of this section, the State Board of Education and Advanced Teaching Roles unit shall disburse any supplement funds pro rata. If funds have been disbursed pro rata, Advanced Teaching Roles units are encouraged but not required to fund the remainder of the supplement from alternate funding sources.

...."

ALIGN TEACHER AND PRINCIPAL OF THE YEAR ADVISORY TERMS

SECTION 7.29. G.S. 115C-11(a4) reads as rewritten:

"(a4) State Principal of the Year Advisor. – Each State Principal of the Year, as designated by the Department of Public Instruction, shall serve ex officio as an advisor to the State Board of Education. Each State Principal of the Year shall begin service as an advisory member to the State Board at the commencement of the principal's term as State Principal of the Year and shall serve for ~~one year~~ two years. The State Principal of the Year shall participate in State Board deliberations and committee meetings in an advisory capacity only. The State Board may, in its discretion, exclude the State Principal of the Year from executive sessions.

In the event a vacancy occurs in the State Principal of the Year's advisory position, the principal who was next runner-up to that State Principal of the Year shall serve as the advisory member to the State Board for the remainder of the unexpired term. The State Principal of the Year advisor to the State Board shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5."

DIABETES EDUCATION FOR PARENTS

SECTION 7.30. G.S. 115C-375.3 reads as rewritten:

"§ 115C-375.3. Guidelines to support and assist students with diabetes.

(a) Local boards of education and boards of directors of charter schools Governing bodies of public school units shall ensure that the guidelines adopted by the State Board of Education under G.S. 115C-12(31) are implemented in schools in which students with diabetes are enrolled. In particular, the boards shall require the implementation of the procedures set forth in those guidelines for the development and implementation of individual diabetes care plans. The boards also shall make available necessary information and staff development to teachers and school personnel in order to appropriately support and assist students with diabetes in accordance with their individual diabetes care plans.

(b) Governing bodies of public school units shall ensure that each school provides parents and legal guardians with information about type 1 and type 2 diabetes at the beginning of every school year. This information shall include all of the following:

- (1) A description of type 1 and type 2 diabetes.
- (2) A description of the risk factors and warning signs associated with type 1 and type 2 diabetes.
- (3) A recommendation that if a student is displaying warning signs associated with diabetes, the parent or guardian of the student consult with the primary care provider of the student to determine if immediate screening for diabetes is appropriate.
- (4) A description of the screening process for and stages of diabetes.
- (5) A recommendation that if a student receives a diabetes diagnosis, the parent or guardian of the student consult with the primary care provider of the student to develop an appropriate treatment plan.
- (6) Notification that the school is required to assist students with diabetes in accordance with the rules adopted by the State Board of Education pursuant to G.S. 115C-12(31)."

EXPEDITE OPENINGS OF QUALIFYING CHARTER SCHOOLS

SECTION 7.31. Notwithstanding G.S. 115C-218.5, the Charter School Review Board shall not require a planning year and shall authorize a school to open in the 2024-2025 school year for a charter granted to a charter application submitted in 2024 that meets the following criteria:

- (1) The proposed charter school will be located in a fully furnished school facility purchased from a local board of education prior to submission of the charter application.
- (2) The proposed charter school will be located in a county within the metropolitan statistical area in the State with the largest population, as of the 2020 decennial census.
- (3) The proposed charter school will be located in a county with projected population growth from 2020 to 2030 of more than twenty-five percent (25%), based on the State Demographer's population projections.
- (4) The proposed charter school will be located in a county with a county local school administrative unit that enrolled fewer than 25,000 students in the 2023-2024 school year.

ALLOW CHARTER SCHOOL SATELLITES WITHIN 10 MILE RADIUS

SECTION 7.32. G.S. 115C-218.8 reads as rewritten:

"§ 115C-218.8. Nonmaterial revisions of charters.

It shall not be considered a material revision of a charter and shall not require prior approval of the Review Board for a charter school to do any of the following:

- ...
- (4) Expand the campus of a charter school beyond the school's main location and facilities or establish a satellite extension of a charter school, so long as the expansion or satellite location is within a 10-mile radius of the school's main location. The expansion or satellite location need not be located within the same local school administrative unit as the main location of the charter school."

ADD CHARTER SCHOOLS TO TEACHER ASSISTANT TUITION REIMBURSEMENT PROGRAM

SECTION 7.33.(a) G.S. 115C-269.31, as enacted by Section 7.44 of S.L. 2023-134, reads as rewritten:

"§ 115C-269.31. Teacher Assistant Tuition Reimbursement Grant Program.

(a) Purpose. – The Department of Public Instruction shall establish the Teacher Assistant Tuition Reimbursement Grant Program (Program). The purpose of the Program is to provide tuition assistance to part-time or full-time teacher assistants working in local school administrative units and charter schools to pursue a college degree that will result in teacher licensure.

(b) Applications; Grant Priority. – Local school administrative units and charter schools may apply to participate in the Program pursuant to a process to be established by the Department of Public Instruction. The application shall identify current and ongoing needs for licensed teachers and the expected number of eligible teacher assistants that would participate in the Program. In evaluating applications, the Department shall prioritize local school administrative units and charter schools according to the following order:

(1) Local school administrative units that received funds under the Teacher Assistant Tuition Reimbursement Pilot Program established in Section 8.29 of S.L. 2016-94, as amended by Section 7.20 of S.L. 2017-57, Section 6(m) of S.L. 2017-189, and Section 7.21 of S.L. 2018-5.

(2) Local school administrative units and charter schools located, in whole or in part, in a county with at least one local school administrative unit that received low-wealth supplemental funding in the previous fiscal year.

(3) All other local school administrative ~~units~~ units and charter schools.

(c) Award of Funds. – To the extent funds are made available for the Program, a local school administrative unit or charter school receiving funds under the Program shall provide a teacher assistant participating in the program an award of up to four thousand six hundred dollars (\$4,600) per academic year per teacher assistant, up to four academic years to defray the costs of tuition and fees at an educator preparation program at an institution of higher education while employed in the local school administrative unit or charter school as a teacher assistant.

(d) Additional Criteria. – The following additional criteria shall apply under the Program:

(1) Tuition assistance awards granted under the Program may be provided for part-time or full-time coursework.

(2) A local board of education or charter school may grant a teacher assistant academic leave to pursue coursework that may only be taken during working hours.

(3) A teacher assistant shall fulfill the student teaching requirements of an educator preparation program by working as a teacher assistant at his or her employing local school administrative ~~unit~~ unit or in the charter school.

(4) A teacher assistant shall continue to receive salary and benefits while student teaching in the local school administrative unit or charter school as provided for teacher assistants in G.S. 115C-269.30(c).

(e) Selection of Teacher Assistants. – The Department shall establish criteria for initial and continuing eligibility to participate in the Program. The Department shall adopt standards to ensure that only qualified, potential recipients receive an award of funds for tuition and fees under the Program. The standards shall include satisfactory academic progress toward achieving teacher licensure. Local school administrative units and charter schools receiving grants pursuant to the Program shall select teacher assistants to receive funds under the Program and prioritize teacher assistants who received an award in the prior academic year and who are making satisfactory academic progress towards achieving teacher licensure. The Department of Public Instruction shall set criteria for the application and selection of teacher assistants to receive tuition assistance awards that includes at least the following:

(1) The teacher assistant shall be employed by the local board of education in the local school administrative ~~unit~~ unit or in the charter school.

(2) The teacher assistant shall be enrolled or provide a statement of intent to enroll in an accredited institution of higher education in North Carolina with an

- educator preparation program approved by the State Board of Education to pursue teacher licensure.
- (3) The teacher assistant qualifies as a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and centralized residency determination process administered by the State Education Assistance Authority.
- (f) Endorsement of Tuition Assistance Awards for Recipients. – Each local board of education or charter school participating in the Program shall enter into a memorandum of understanding with the institution of higher education in which an award recipient under the Program is enrolled that includes procedures for at least the following:
- (1) Remittance of the award from the local board of education or charter school to the institution of higher education.
- (2) Endorsement of the funds awarded to the recipient to the institution of higher education for deposit into the account of the institution.
- (3) Return of a pro rata share of funds to the local board of education or charter school in the event a recipient (i) withdraws from the institution of higher education prior to the end of a term or (ii) the recipient's employment with the local board of education or in the charter school is terminated. The return of funds shall be consistent with procedures used by the institution under federal Title IV programs.
- (g) Local Report. – No later than September 1 of each school year following at least six months of participation in the Program for that year, local boards of education and charter schools participating in the Program shall report at least the following information to the Department of Public Instruction:
- (1) The number and amount of funds in tuition assistance awards provided to teacher assistants.
- (2) The number of teacher assistant recipients who achieved teacher licensure, including the period of time from the issue of an initial tuition assistance award to the time of achieving licensure.
- (3) The number of recipients who remained employed in the local school administrative unit or charter school after achieving teacher licensure.
- (h) State Report. – No later than December 1, 2024, and annually thereafter for each year funds are awarded pursuant to the Program, the Department of Public Instruction shall aggregate the information provided pursuant to subsection (g) of this section and report that information to the Joint Legislative Education Oversight Committee."
- SECTION 7.33.(b)** G.S. 115C-269.30 reads as rewritten:
- "§ 115C-269.30. Teacher assistants engaged in internships.**
- (a) Program for Teacher Assistants. – The State Board shall adopt a program to facilitate the process by which teacher assistants may become teachers. Teacher assistants who participate in this program shall meet the following requirements:
- (1) Be enrolled in a recognized EPP.
- (2) Be employed in a ~~North Carolina public school~~ public school unit.
- (b) Internship Assignments. – ~~Local school administrative units~~ Public school units are encouraged to assign teacher assistants to a different classroom during an internship than the classroom they are assigned to as a teacher assistant. To the extent possible, they may be assigned to another school within the same ~~local school administrative unit~~ public school unit.
- (c) Salary and Benefits. – Teacher assistants shall continue to receive their salary and benefits while interning in the same ~~local school administrative unit~~ public school unit where they are employed as a teacher assistant.

(d) Consultation With Institutions of Higher Education. – The State Board shall consult with the Board of Governors of The University of North Carolina and the North Carolina Independent Colleges and Universities in the development of the program."

SECTION 7.33.(c) This section applies beginning with the 2024-2025 school year.

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 2024-2025 fiscal year to licensed personnel of the public schools who are classified as teachers. The salary schedule is based on years of teaching experience.

2024-2025 Teacher Monthly Salary Schedule

Years of Experience	"A" Teachers
0	\$4,400
1	\$4,410
2	\$4,420
3	\$4,430
4	\$4,444
5	\$4,520
6	\$4,618
7	\$4,710
8	\$4,801
9	\$4,892
10	\$4,984
11	\$5,075
12	\$5,167
13	\$5,258
14	\$5,350
15-24	\$5,442
25+	\$5,651

SECTION 7A.1.(b) Salary Supplements for Teachers Paid on This Salary Schedule.

- (1) Licensed teachers who have NBPTS certification shall receive a salary supplement each month of twelve percent (12%) of their monthly salary on the "A" salary schedule.
- (2) Licensed teachers who are classified as "M" teachers shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.
- (3) Licensed teachers with licensure based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the supplement provided to them as "M" teachers.
- (4) Licensed teachers with licensure based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the supplement provided to them as "M" teachers.
- (5) Certified school nurses shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.
- (6) School counselors who are licensed as counselors at the master's degree level or higher shall receive a salary supplement each month of one hundred dollars (\$100.00).

SECTION 7A.1.(c) For school psychologists, school speech pathologists who are licensed as speech pathologists at the master's degree level or higher, and school audiologists who are licensed as audiologists at the master's degree level or higher, the following shall apply:

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

SECTION 7A.1.(d) Beginning with the 2014-2015 fiscal year, in lieu of providing annual longevity payments to teachers paid on the teacher salary schedule, the amounts of those longevity payments are included in the monthly amounts under the teacher salary schedule.

SECTION 7A.1.(e) A teacher compensated in accordance with this salary schedule for the 2024-2025 school year shall receive an amount equal to the greater of the following:

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

SECTION 7A.1.(f) As used in this section, the term "teacher" shall also include instructional support personnel.

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

SECTION 7A.2.(a) G.S. 115C-302.10 is repealed.

SECTION 7A.2.(b) Notwithstanding any other provision of law, for the 2024-2025 fiscal year, State Board of Education policy TCP-A-006, as it was in effect on June 30, 2013, shall be used to determine (i) whether teachers and instructional support personnel are paid on the "M" salary schedule and (ii) whether they receive a salary supplement for academic preparation at the six-year or doctoral degree level.

REVISE CERTAIN SUPPLANTING CRITERIA FOR SUPPLEMENTAL FUNDS FOR TEACHER COMPENSATION

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

"...

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

...

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

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

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

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

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

...

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

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

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

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

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

...."

PRINCIPAL SALARY SCHEDULE

SECTION 7A.4.(a) The following annual salary schedule for principals shall apply for the 2024-2025 fiscal year, beginning July 1, 2024:

2024-2025 Principal Annual Salary Schedule

Avg. Daily Membership	Base	Met Growth	Exceeded Growth
0-200	\$78,547	\$86,401	\$94,256
201-400	\$82,474	\$90,721	\$98,968
401-700	\$86,401	\$95,041	\$103,682
701-1,000	\$90,329	\$99,362	\$108,395
1,001-1,600	\$94,256	\$103,682	\$113,107
1,601+	\$98,183	\$108,002	\$117,820

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

(1) A principal shall be paid according to the Exceeded Growth column of the schedule as follows:

a. For the first six months of the applicable fiscal year, if the higher school growth score in one of the two prior school years shows that the school exceeded expected growth.

- 1 b. For the second six months of the applicable fiscal year, if the school
2 growth scores show the school or schools exceeded expected growth
3 in at least two of the prior three school years.
- 4 (2) A principal shall be paid according to the Met Growth column of the schedule
5 as follows:
- 6 a. For the first six months of the applicable fiscal year, if any of the
7 following apply:
- 8 1. The higher school growth score in one of the two prior school
9 years shows that the school met expected growth.
- 10 2. The principal supervised a school in the two prior school years
11 that was not eligible to receive a school growth score.
- 12 b. For the second six months of the applicable fiscal year, if any of the
13 following apply:
- 14 1. The school growth scores show the school or schools met
15 expected growth in at least two of the prior three school years.
- 16 2. The school growth scores show the school or schools met
17 expected growth in at least one of the prior three school years
18 and exceeded expected growth in one of the prior three school
19 years.
- 20 3. The principal supervised a school in at least two of the prior
21 three school years that was not eligible to receive a school
22 growth score.
- 23 (3) A principal shall be paid according to the Base column, as follows:
- 24 a. For the first six months of the applicable fiscal year, if any of the
25 following apply:
- 26 1. The school growth scores from the two prior school years show
27 that the school did not meet expected growth in both years.
- 28 2. The principal has not supervised any school as a principal for
29 a majority of the two prior school years.
- 30 b. For the second six months of the applicable fiscal year, if any of the
31 following apply:
- 32 1. The school growth scores show the school or schools did not
33 meet expected growth in at least two of the prior three school
34 years.
- 35 2. The principal has not supervised any school as a principal for
36 a majority of the school year in at least two of the prior three
37 school years.

38 **SECTION 7A.4.(b)** For purposes of this section, the following amounts shall be
39 used during the following time periods:

- 40 (1) For the first six months of the applicable fiscal year, the average daily
41 membership for the school from the third year. If the school did not have an
42 average daily membership in the third year, the projected average daily
43 membership for the school for the applicable school year.
- 44 (2) For the second six months of the applicable fiscal year, the average daily
45 membership for the school for the applicable school year. For this time period
46 only, the average daily membership of a principal's school shall include any
47 prekindergarten students in membership at that school.

48 **SECTION 7A.4.(c)** For purposes of determining the school growth scores for each
49 school the principal supervised in one or more prior school years, the following school growth
50 scores shall be used during the following time periods:

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

SECTION 7A.4.(d) Beginning with the 2017-2018 fiscal year, in lieu of providing annual longevity payments to principals paid on the principal salary schedule, the amounts of those longevity payments are included in the annual amounts under the principal salary schedule.

SECTION 7A.4.(e) A principal compensated in accordance with this section for the applicable fiscal year shall receive an amount equal to the greater of the following:

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

SECTION 7A.4.(f) For purposes of this section, the following definitions apply:

- (1) First year. – The school year immediately preceding the second year.
- (2) Second year. – The school year immediately preceding the third year.
- (3) The applicable fiscal year. – The 2024-2025 fiscal year.
- (4) The applicable school year. – The 2024-2025 school year.
- (5) Third year. – The school year immediately preceding the applicable school year.

BONUSES FOR PRINCIPALS

SECTION 7A.5.(a) Article 19 of Chapter 115C of the General Statutes is amended by adding the following new section to read:

"§ 115C-285.2. Principal bonuses.

(a) To the extent funds are made available for this purpose, the Department of Public Instruction shall administer a bonus in each fiscal year to any principal who supervised a school as a principal for a majority of the previous school year if that school was in the top fifty percent (50%) of school growth in the State during the previous school year, as calculated by the State Board pursuant to G.S. 115C-83.15(c). A principal shall receive no more than one bonus pursuant to this subsection. The bonus shall be paid at the highest amount for which the principal qualifies under the following schedule:

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

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

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

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

(e) The bonus provided pursuant to this section shall be paid no later than October 31 of the applicable fiscal year to qualifying principals employed as of October 1 of that year."

SECTION 7A.5.(b) This section applies beginning with bonuses awarded in October of 2024.

ASSISTANT PRINCIPAL SALARIES

SECTION 7A.6.(a) For the 2024-2025 fiscal year, beginning July 1, 2024, assistant principals shall receive a monthly salary based on the salary schedule for teachers who are classified as "A" teachers plus nineteen percent (19%). An assistant principal shall be placed on the step on the salary schedule that reflects the total number of years of experience as a certified employee of the public schools. For purposes of this section, an administrator with a one-year provisional assistant principal's certificate shall be considered equivalent to an assistant principal.

SECTION 7A.6.(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.6.(c) Participants in an approved full-time master's in school administration program shall receive up to a 10-month stipend during the internship period of the master's program. The stipend shall be at the beginning salary of an assistant principal or, for a teacher who becomes an intern, at least as much as that person would earn as a teacher on the teacher salary schedule. The North Carolina Principal Fellows Program or the school of education where the intern participates in a full-time master's in school administration program shall supply the Department of Public Instruction with certification of eligible full-time interns.

SECTION 7A.6.(d) Beginning with the 2017-2018 fiscal year, in lieu of providing annual longevity payments to assistant principals on the assistant principal salary schedule, the amounts of those longevity payments are included in the monthly amounts provided to assistant principals pursuant to subsection (a) of this section.

SECTION 7A.6.(e) An assistant principal compensated in accordance with this section for the 2024-2025 fiscal year shall receive an amount equal to the greater of the following:

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

CENTRAL OFFICE SALARIES

SECTION 7A.7.(a) For the 2024-2025 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 four percent (4%).

SECTION 7A.7.(b) The monthly salary maximums that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2024-2025 fiscal year, beginning July 1, 2024:

2024-2025 Fiscal Year

Maximum

School Administrator I	\$7,646
School Administrator II	\$8,102
School Administrator III	\$8,584
School Administrator IV	\$8,920
School Administrator V	\$9,276
School Administrator VI	\$9,826
School Administrator VII	\$10,218

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.7.(c) The monthly salary maximums that follow apply to superintendents for the 2024-2025 fiscal year, beginning July 1, 2024:

2024-2025 Fiscal Year

Maximum

Superintendent I	\$10,832
Superintendent II	\$11,476
Superintendent III	\$12,166
Superintendent IV	\$12,897
Superintendent V	\$13,673

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.7.(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.7.(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.7.(f) The State Board of Education shall not permit local school administrative units to transfer State funds from other funding categories for salaries for public school central office administrators.

NONCERTIFIED PERSONNEL SALARIES

SECTION 7A.8. For the 2024-2025 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 four percent (4%).
- (2) For the following employees, by an equitable amount based on the amount specified in subdivision (1) of this section:
 - a. Permanent, full-time employees on a contract for fewer than 12 months.
 - b. Permanent, part-time employees.
 - c. Temporary and permanent hourly employees.

PART VIII. THE UNIVERSITY OF NORTH CAROLINA SYSTEM

PERMIT UNC TO ENTER INTO AGREEMENTS WITH VENDORS TO BUY BACK OR TRADE IN TECHNOLOGICAL EQUIPMENT

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

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

...

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

- (1) Conveying surplus computer equipment at no cost and cost. The University of North Carolina is encouraged to prioritize distribution to nonprofit entities that refurbish computers to donate to low-income students or households in the State. Any conveyance to a nonprofit under this ~~subsection~~ subdivision shall be conditioned upon, and in consideration of, the nonprofit's promise to refurbish the computer equipment and its donation to low-income students or households in the State and the nonprofit's reporting of information required by ~~this subsection~~ subsection (b2) of this section. After an initial conveyance, The University of North Carolina shall not convey additional surplus computer equipment to a nonprofit, unless that nonprofit has reported the information required by ~~this subsection~~ subsection (b2) of this section for prior conveyances.
- (2) Entering into agreements with one or more vendors to trade in any technological equipment purchased from the vendor or to allow a vendor to buy back any technological equipment even if the equipment was not purchased from that vendor.

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

report shall contain the information required by this subsection and any other information the Board of Governors deems reasonably necessary to ensure the conditions required under this subsection are satisfied. The Board of Governors of The University of North Carolina shall submit a report containing the information required to be collected under this subsection to the Joint Legislative Education Oversight Committee by December 1, 2022, and by ~~December~~ March 1 of each year thereafter.

...."

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

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

SECTION 8.2.(a) G.S. 116-30.3 is amended by adding a new subsection to read:

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

SECTION 8.2.(b) This section becomes effective June 30, 2024.

EXTEND DEADLINE FOR UNC BOARD OF GOVERNORS BUDGET ALLOCATIONS REPORT

SECTION 8.3. G.S. 116-11(9b) reads as rewritten:

"(9b) The Board of Governors shall report by ~~February~~ March 1 of each year to the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education/Higher Education, the House of Representatives Appropriations Subcommittee on Education, and the Fiscal Research Division on the actions and adjustments necessary to its budgetary policies, regulations, and standards resulting from the Current Operations Appropriations Act for the administration and operation of The University of North Carolina and the distribution of State and federal funds to constituent institutions. The report shall include at least the following information for each constituent institution:

- a. Guidelines related to State salaries of University of North Carolina employees, including range, median, and mean of faculty salaries at the institution.
- b. Budget allocations and reductions, including for operating expenses and specific programs.
- c. Distribution of additional State allocations for enrollment funding.
- d. Use of State funds and budget flexibility.
- e. Availability of federal funds.
- f. Tuition and fees.
- g. Composition of the student population at the institution, including headcount enrollment and full-time student enrollment for both undergraduate and graduate students, and aggregate data on residency status, median household income, gender, race, and ethnicity.
- h. Student retention and graduation rates.
- i. Postsecondary educational attainment rate at the institution, including comparison to statewide data.
- j. A comparison to prior fiscal year expenditures and appropriations.
- k. The total amount of mandatory student fee revenue collected by institution and fee type.
- l. Any source of student auxiliary revenue that represents greater than ten percent (10%) of the overall student auxiliary revenue by institution and revenue type.

- 1 m. Any source of sales revenue that represents greater than ten percent
2 (10%) of the overall sales revenue by institution and sales revenue
3 type."
4

5 **PERMIT CHAIR OF BOARD OF GOVERNORS TO DESIGNATE A MEMBER OF**
6 **BOARD OF DIRECTORS FOR PROJECT KITTY HAWK**

7 **SECTION 8.4.** Section 8.24(c) of S.L. 2021-180 reads as rewritten:

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

- 12 (1) Two ex officio voting members as follows:

- 13 a. The President of The University of North Carolina.
14 b. The Chair of the Board of Governors of The University of North
15 Carolina, Carolina, or the Chair's designee.

- 16 (2) Seven voting members appointed by the Board of Governors, in consultation
17 with the President of The University of North Carolina, as follows:

- 18 a. Three members who shall be chancellors or chief academic officers of
19 constituent institutions of The University of North Carolina.
20 b. Four members who shall be individuals having experience in business
21 management, higher education, or both."
22

23 **INTENT TO SUPPORT THE SCHOOL OF CIVIC LIFE AND LEADERSHIP AT THE**
24 **UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL**

25 **SECTION 8.5.** It is the intention of the General Assembly to provide funding in
26 future fiscal years to facilitate the development of the School of Civic Life and Leadership at the
27 University of North Carolina at Chapel Hill that was established pursuant to Section 8.5 of S.L.
28 2023-134, including funding for faculty and administration, scholarships, and other needs of the
29 new school, as described in the report submitted to the Joint Legislative Education Oversight
30 Committee pursuant to Section 8.5(d) of S.L. 2023-134.
31

32 **NC COLLABORATORY PFAS STUDY**

33 **SECTION 8.6.** The North Carolina Collaboratory (Collaboratory) at the University
34 of North Carolina at Chapel Hill shall study the economic impact of national drinking water
35 standards from the Environmental Protection Agency (EPA) for per- and polyfluoroalkyl
36 substances (PFAS) on public water systems in North Carolina. The study shall provide a
37 summary of existing commercially available technologies, emerging technologies such as those
38 being developed at The University of North Carolina, as well as cost, technical feasibility, time
39 lines, and other data deemed relevant by the Collaboratory that may assist policymakers,
40 municipal and county governments, and other entities developing strategic plans to implement
41 water treatment technologies at public water supplies required to meet EPA standards. All units
42 of State and local government shall provide all data requested by the Collaboratory as part of this
43 study. The Collaboratory shall fund this study with existing PFAS appropriations and deliver a
44 final report to the Environmental Review Commission no later than December 31, 2025.
45

46 **NORTH CAROLINA COLLABORATORY TO ESTABLISH AND OPERATE THE**
47 **OFFICE OF LEARNING RESEARCH**

48 **SECTION 8.7.(a)** OLR Established. – Of the funds appropriated in this act to the
49 Board of Governors of The University of North Carolina, the sum of one million five hundred
50 thousand dollars (\$1,500,000) in recurring funds for the 2024-2025 fiscal year shall be allocated
51 to the North Carolina Collaboratory to establish and operate the Office of Learning Research

(OLR), beginning in the 2024-2025 fiscal year. When developing the base budget, as defined in G.S. 143C-1-1, beginning in the 2025-2027 fiscal biennium, the Director of the Budget shall increase the recurring appropriation to the Board of Governors of The University of North Carolina for OLR to a total of two million dollars (\$2,000,000) for each fiscal year to support the annualized cost of operating OLR. The purpose of OLR is to identify and evaluate the efficacy and efficiency of programs, activities, initiatives, procedures, and any other factors related to elementary and secondary education in the State.

SECTION 8.7.(b) Funding and Duties of OLR. – Funding allocated to the Collaboratory for OLR shall be administered by the Collaboratory pursuant to the provisions of G.S. 116-255(c). These funds shall be used to do at least the following:

- (1) Provide information and support needed by elementary and secondary public schools, university leaders, and elected officials to make evidence-based decisions.
- (2) Collaborate with constituent institutions of The University of North Carolina and other stakeholders to implement innovative policies and programs to accelerate learning for all students.
- (3) Work with external research resources and partners to evaluate local, State, and federal programs in order to establish metrics and assess return on investment.
- (4) Support the operations of OLR.

SECTION 8.7.(c) Collaboratory May Relocate OLR. – After the Collaboratory establishes OLR, the Collaboratory may, upon consultation with The University of North Carolina System Office and the Provost at the University of North Carolina at Chapel Hill, relocate OLR within the University of North Carolina at Chapel Hill. If the Collaboratory relocates OLR pursuant to this section, the Collaboratory shall do the following:

- (1) Continue to administer funds appropriated in this act for OLR for the operations of OLR, as described in subsection (b) of this section.
- (2) Continue to determine, fund, manage, and oversee the research portfolio of OLR. The entity to which OLR is relocated shall otherwise oversee the operations of OLR.
- (3) Within 60 days of the relocation, report to the Joint Legislative Education Oversight Committee on where OLR was relocated and any other information the Collaboratory deems relevant to the relocation.

SECTION 8.7.(d) Access to Information. – All units of State and local government, including the State Board of Education, the Department of Public Instruction, and public school units, shall provide reasonable access to records, data, processes, personnel, and any other information deemed relevant by the Office or the Collaboratory, to the extent otherwise permitted under State and federal law, to carry out the provisions of this section.

SECTION 8.7.(e) Report. – No later than March 1, 2025, the Collaboratory shall report to the Joint Legislative Education Oversight Committee on the progress made in establishing and operating OLR pursuant to this section. For each fiscal year OLR is in operation, the Collaboratory shall include in the annual report required by G.S. 116-256 information on the activities of OLR from the prior fiscal year.

ADMISSIONS STANDARDS FOR HEALTH CARE PROGRAMS

SECTION 8.8.(a) Article 1 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"§ 116-33.10. Admissions standards for health care programs.

(a) All constituent institutions offering degrees, certifications, or training related to health care shall make publicly available the criteria by which applicants for admission to the institution or program are evaluated. The publicly available information shall include a rubric that details

the weight placed upon each admissions criterion, including standardized test scores, grades, class rigor, personal statements, interviews, and any other factors used to determine admission.

(b) By September 15 of each year, constituent institutions subject to subsection (a) of this section shall submit to the Board of Governors a report on the prior year's applicants for admission to programs related to health care. The report shall at least include the following de-identified information separately for both applicants and admitted students, disaggregated by race:

(1) Number of individuals.

(2) Standardized test scores.

(3) Grade point average.

(c) The Board of Governors shall establish an electronic dashboard of all reported information that consolidates the information submitted by each constituent institution and shall annually update the dashboard by November 15. The Board of Governors shall provide notice to the Joint Legislative Education Oversight Committee when the dashboard has been updated.

(d) The Board of Governors shall designate the degrees, certifications, and training offered by constituent institutions that relate to health care."

SECTION 8.8.(b) This section is effective when it becomes law and applies beginning with reports due September 15, 2024.

UNC TEMPORARY CARRYFORWARD

SECTION 8.9.(a) Part VIII of S.L. 2023-134, as amended by Sections 2.11 and 2.12 of S.L. 2024-1, is further amended by adding a new section to read:

"UNC MAY CARRY FORWARD NONRECURRING FUNDS UNTIL THE END OF THE FISCAL BIENNium

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

(1) Funds appropriated to the Board of Governors of The University of North Carolina.

(2) Funds received by a constituent institution of The University of North Carolina."

SECTION 8.9.(b) This section becomes effective June 30, 2024.

REVISE THE AUTHORITY AND DUTIES OF THE NORTH CAROLINA COLLABORATORY

SECTION 8.10.(a) G.S. 116-255 reads as rewritten:

"§ 116-255. The North Carolina Collaboratory established.

...
(b) Duties and Powers. – The Collaboratory shall do at least the following within the funds available:

...
(6) ~~Maintain an online reporting portal, in partnership with~~ Assist the Office of State Fire Marshal, Marshal in the maintenance of the online reporting portal on the storage and deployment of Aqueous Film-Forming Foams (AFFF) as required by G.S. 58-82B-10.

...
(c) Funding Conditions and Restrictions. – The following applies to funding received by the Collaboratory:

...

(3) For research or investigations that need to be carried out expeditiously in response to a project, opportunity, or a legislative mandate, the provisions of Articles 3, 3A, 3B, 3C, 3D, and 8C of Chapter 143 of the General Statutes, G.S. 143-129, and G.S. 116-31.10 shall not apply to the Collaboratory for the purchase of apparatus, supplies, material, services, capital improvements, or equipment in projects addressing ~~an emerging or immediate threat to a~~ perceived, potential, or real concern regarding public health, safety, or welfare. This subdivision shall apply only when at least fifty percent (50%) of the total funding for a project was provided by the Collaboratory. For each project that utilizes this exemption, the Collaboratory shall provide a justification in writing and make this document available on its website for the duration of the project.

...

(7) The Collaboratory may negotiate or impose ~~data use, data management, and revenue sharing requirements for intellectual property as well as requirements for the management and use of data~~ developed through its research awards using State funds, including, but not limited to, contractual terms that provide for gross revenue distribution to the General Fund Collaboratory for future research and development projects and to the General Fund. To the extent necessary, the Board of Governors of The University of North Carolina may amend and maintain patent policies incorporating the revenue sharing requirements of the Collaboratory as described in this subdivision.

(8) Funds appropriated by the General Assembly from any source of funds to the Collaboratory (i) shall not revert ~~to the General Fund~~ but shall remain available until expended and (ii) shall not apply to the carryforward limitation imposed on constituent institutions of The University of North Carolina by G.S. 116-30.3.

(9) If a project or study of the Collaboratory includes records associated with any of the following, then all records associated with that project or study are not public records, as that term is defined in G.S. 132-1:

a. Specific engineering, vulnerability, or detailed design information about proposed or existing critical infrastructure, as described in G.S. 132-1.7(a)(5).

b. Vulnerability and risk assessments, as described in G.S. 132-1.7(b)."

SECTION 8.10.(b) G.S. 58-82B-10 reads as rewritten:

"§ 58-82B-10. Duties of Office of the State Fire Marshal.

The Office of the State Fire Marshal (OSFM) shall do all of the following:

...

(2) ~~Assist the North Carolina Collaboratory, established under G.S. 116-255, in the development of~~ Develop and maintain, with the assistance of the North Carolina Collaboratory established under G.S. 116-255, an online reporting portal for fire departments operated, regulated, or managed by one or more units of State and local government, including those located at or serving public airports, with the requirements of this Article.

...."

SECTION 8.10.(c) Subsection (i) of Section 8.10 of S.L. 2021-180 reads as rewritten:

"SECTION 8.10.(i) ~~The Collaboratory, in partnership with the~~ The Office of the State Fire Marshal (OSFM) (OSFM), in partnership with the Collaboratory and any unit of State and local government deemed relevant by ~~the Collaboratory, OSFM,~~ shall develop and maintain the online reporting portal as required by G.S. 58-82B-10, as enacted by subsection (h) of this section, and

G.S. 116-255(b)(6), as enacted by Section 8.8 of this act. The portal shall consist of an online reporting tool and related database that captures the storage and deployment of Aqueous Film-Forming Foams (AFFF) by fire departments in the State that are operated, managed, or overseen by units of local government, including those located at or serving public airports. The reporting tool shall be easily accessible to firefighters and fire department personnel to upload the data. The required inventory data shall include, at a minimum, the following:

...."

ESTABLISH THE COLLEGE OF APPLIED SCIENCE AND TECHNOLOGY AT THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL

SECTION 8.11.(a) The Board of Trustees of the University of North Carolina at Chapel Hill (UNC-CH) shall establish the College of Applied Science and Technology at UNC-CH (the College). The College shall meet at least the following requirements:

- (1) Expand academic programming in areas critical to supporting research, industry partnerships, and the workforce needs of the State.
- (2) Reorganize existing and related programming into a newly established College.
- (3) Include academic degree programs in any postsecondary subject area defined by the Classification of Instructional Programs (CIP) of the United States Department of Education under CIP codes 03, 11, 14, 15, 26, 27, 31, and 40.

SECTION 8.11.(b) As part of establishing the College of Applied Science and Technology pursuant to subsection (a) of this section, the Board of Trustees of UNC-CH shall review other existing academic programs at UNC-CH and consider consolidating or eliminating programs that have a low return on investment or low enrollment. The Board of Trustees of UNC-CH shall reinvest any savings realized from consolidating or eliminating programs pursuant to this subsection into academic programs at UNC-CH that have a high return on investment or high enrollment.

COMPLETION ASSISTANCE GRANTS

SECTION 8.12.(a) Section 8.3 of S.L. 2023-134 is repealed.

SECTION 8.12.(b) Article 14 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"§ 116-144.1. Completion Assistance Grants.

(a) Definition. – For purposes of this section, the term "eligible constituent institutions" refers to the following constituent institutions of The University of North Carolina:

- (1) Elizabeth City State University.
- (2) Fayetteville State University.
- (3) North Carolina Agricultural and Technical State University.
- (4) North Carolina Central University.
- (5) The University of North Carolina at Asheville.
- (6) The University of North Carolina at Greensboro.
- (7) The University of North Carolina at Pembroke.
- (8) Winston-Salem State University.

(b) Grant Program. – To the extent funds are made available for this purpose, the Board of Governors of The University of North Carolina shall establish a Completion Assistance Program (Program) at each eligible constituent institution. At a minimum, each Program shall meet the following criteria:

- (1) A student enrolled in a Program established by this section may receive up to one thousand dollars (\$1,000) per academic year under that Program to pay for the costs of continuing attendance and earning necessary credit hours at the eligible constituent institution.

- (2) A student shall be eligible to receive funds under a Program if the student meets at least the following requirements:
- a. Needs financial assistance to remain enrolled at the eligible constituent institution and earn credits necessary to graduate on time.
 - b. Is a resident for tuition purposes, as provided in G.S. 116-143.1.
 - c. Meets satisfactory academic progress, as determined by the Board.
 - d. Has completed or is on track to complete at least 60 academic credit hours by the end of the semester in which the funds are provided.
 - e. Has completed the Free Application for Federal Student Aid (FAFSA) for the academic year in which the funds are provided.
 - f. Has an unpaid balance with the eligible constituent institution. This may include an unpaid balance for tuition, fees, room, board, or other expenses of attendance.

(c) Report. – The Board of Governors of The University of North Carolina shall report on each Completion Assistance Program to the Joint Legislative Education Oversight Committee no later than March 15 of each year. The report shall include, at a minimum, an analysis of the impact of each Program on the following:

- (1) On-time graduation rates.
- (2) Student debt at graduation.

(d) Allocation of Funds. – The Board shall allocate funds appropriated each year to each eligible constituent institution of The University of North Carolina proportional to the number of undergraduate students enrolled at each eligible constituent institution who are residents of North Carolina and recipients of a federal Pell Grant."

SECTION 8.12.(c) Notwithstanding subsection (a) of this section, the Board of Governors shall include the information required in Section 8.3(c) of S.L. 2023-134 for the Completion Assistance Programs in effect in the 2023-2024 academic year in the March 25, 2024, report required pursuant to G.S. 116-144.1(c), as enacted by subsection (b) of this section.

PART VIII-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY

STATE AGENCIES MAY CONTRACT WITH THE AUTHORITY TO ADMINISTER AGENCY LOAN PROGRAMS

SECTION 8A.1. Article 23 of Chapter 116 of the General Statutes is amended by adding the following new section to read:

"§ 116-204.2. Administration of State agency loan programs.

(a) A State agency, as defined in G.S. 143C-1-1(d)(24) may, upon mutual agreement, enter into a contract with the State Education Assistance Authority for the Authority to administer a loan program on behalf of the State agency. The contract shall specify at least the following:

- (1) The Authority will administer the agency loan program using the structure of the Forgivable Education Loans for Service Program established pursuant to G.S. 116-209.45.
- (2) The Authority may administer the agency loan program for students enrolled in one or more selected categories of eligible institutions, as defined in G.S. 116-209.45.
- (3) The State agency shall provide sufficient funds to the Authority for administration of the agency loan program, including administrative costs associated with loan service and cash repayment that are incurred by the Authority after awards are distributed.

(b) The Authority shall not use any funds appropriated by the General Assembly and allocated to the Authority for a specific program or purpose to facilitate the administration of an agency loan program under subsection (a) of this section."

CLARIFY ELIGIBILITY FOR IN-STATE TUITION FOR INCARCERATED INDIVIDUALS

SECTION 8A.2.(a) G.S. 116-143.1 is amended by adding a new subsection to read:

"(n) Notwithstanding any other provisions of this section to the contrary, an incarcerated individual may qualify as a legal resident and a resident for tuition purposes pursuant to the provisions of this section. For purposes of this section, an incarcerated individual is a citizen of the United States who is incarcerated in a State correctional facility under the jurisdiction of the Division of Prisons of the Department of Adult Correction or in a local confinement facility, as defined in G.S. 153A-217, under the jurisdiction of the applicable governing body, sheriff, or administrator of the local confinement facility. Nothing in this subsection shall be deemed to confer legal residency on an individual for any other purpose. An incarcerated individual may qualify as a resident pursuant to this section if either of the following criteria applies:

(1) For a continuous period of 12 or more months, the individual has been in the custody of any of the following:

a. A State correctional facility.

b. A local confinement facility.

(2) Both of the following criteria apply:

a. The individual has been in the custody of one or more of the facilities identified in subdivision (1) of this subsection for less than 12 months.

b. The entity with jurisdiction over the facility where the individual is incarcerated certifies to the Authority that the individual has demonstrated that the individual was residing in North Carolina for purposes of maintaining bona fide domicile during the 12-month period prior to incarceration."

SECTION 8A.2.(b) This section applies beginning with the 2024-2025 academic year.

CONFORM IN-STATE TUITION REQUIREMENTS TO FEDERAL LAW

SECTION 8A.3.(a) G.S. 116-143.1 is amended by adding the following new subsection to read:

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

SECTION 8A.3.(b) This section becomes effective July 1, 2024, and applies beginning with the 2024-2025 academic year.

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

SECTION 8A.4.(a) G.S. 115C-562.8(c) reads as rewritten:

"(c) Of the funds allocated to the Authority to award scholarship grants under this Part, the Authority may retain up to two and one-half percent (2.5%) of the funds appropriated each fiscal year for administrative costs associated with the scholarship grant program. If the actual costs of administering the scholarship grant program are less than the funds authorized for administering the program pursuant to this subsection, the Authority may allocate unused funds

for the additional administrative costs of the Personal Education Student Accounts for Children with Disabilities Program in accordance with G.S. 115C-597(d)."

SECTION 8A.4.(b) G.S. 115C-597(d) reads as rewritten:

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

REVISE AND EXTEND CERTAIN OPPORTUNITY SCHOLARSHIP DOMICILE VERIFICATION REQUIREMENTS

SECTION 8A.5.(a) G.S. 115C-562.3(a) reads as rewritten:

"(a) To verify that the domicile requirements of G.S. 115C-366 are met for State residency, the Authority shall establish a domicile determination system and shall establish rules for determination of domicile within the State in accordance with this subsection. The rules may provide a process for the Authority to contract with a third-party vendor to facilitate the determination of domicile in accordance with this subsection. The Division of Motor Vehicles of the Department of Transportation, the Department of Public Instruction, the Department of Commerce, the Department of Health and Human Services, the Department of Revenue, the State Board of Elections, and the State Chief Information Officer each shall expeditiously cooperate with the Authority in verifying electronically, or by other similarly effective and efficient means, evidence submitted to the Authority for the purposes of establishing the domicile required by G.S. 115C-366 for State residency. The Authority shall accept any of the following as evidence of domicile within the State:

...."

SECTION 8A.5.(b) Section 8A.6(h) of S.L. 2023-134 reads as rewritten:

"SECTION 8A.6.(h) Notwithstanding G.S. 115C-562.3(a), as enacted by this act, as part of a student's application for a scholarship grant pursuant to Part 2A of Article 39 of Chapter 115C of the General Statutes for the ~~2024-2025 school year, and 2025-2026 school years,~~ a parent shall certify to the State Education Assistance Authority that the domicile requirements of G.S. 115C-562.1(3a), as enacted by this act, are met for eligibility purposes in lieu of submitting evidence electronically to the State Education Assistance Authority through a domicile determination system. The State Education Assistance Authority shall select six percent (6%) of the applications for the ~~2024-2025 school year and 2025-2026 school years~~ to verify the domicile requirements are met for the award of a scholarship grant to an eligible student. As evidence of domicile, the State Education Assistance Authority may accept the submission of any of the documents set forth under G.S. 115C-562.3(a). If a parent fails to cooperate with verification efforts under this section, the State Education Assistance Authority shall revoke the award of the scholarship grant to the eligible student. In addition, if the State Education Assistance Authority determines that the certification of the parent contains falsified information, the parent may be subject to administrative, civil, or criminal penalties. The State Education Assistance Authority shall include a notice of the potential for the imposition of penalties when requesting certification as part of the application process."

REVISE STATE EDUCATION ASSISTANCE AUTHORITY BOARD OF DIRECTORS MEMBER REQUIREMENTS

SECTION 8A.6. G.S. 116-203(b) reads as rewritten:

"(b) Membership. – The Authority shall be governed by a board of directors consisting of nine members, seven of whom shall be appointed and two of whom shall be ex officio as follows:

(1) Seven members appointed according to the following:

a. The Board of Governors of The University of North Carolina shall appoint the following members:

1. One member who shall have expertise in secondary or higher education.

2. One member who shall be or have experience as a chief financial officer or chief administrative officer from a nonpublic school that enrolls students receiving scholarship funds pursuant to Part 2A of Article 39 of Chapter 115C of the General Statutes.

3. One member who shall have expertise in finance.

b. The Governor shall appoint the following members:

1. One member who shall have expertise in finance.

2. One member who shall have expertise in secondary or higher education.

3. One member who shall be a member of the public at large with an interest in higher education.

4. One member who shall be a chief financial officer from a college or university that is a member of North Carolina Independent Colleges and Universities, Inc., appointed upon the recommendation of North Carolina Independent Colleges and Universities, Inc.

(2) The chief financial officer of The University of North Carolina shall serve as an ex officio member.

(3) The chief financial officer of the North Carolina Community College System shall serve as an ex officio member."

CLARIFY OPPORTUNITY SCHOLARSHIP RESIDENCY REQUIREMENTS AT TIME OF APPLICATION

SECTION 8A.7. Part 2A of Article 39 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-562.2A. Residency required at time of application.

(a) Except as otherwise provided in this section, a student shall be a resident of North Carolina that is eligible to attend a North Carolina public school pursuant to Article 25 of this Chapter at the time the student applies to receive a scholarship grant under this Part.

(b) A student who is not a resident of North Carolina at the time the student submits an application to receive a scholarship grant under this Part shall be permitted to submit an application prior to becoming a resident of North Carolina if all of the following apply:

(1) A parent or legal guardian is on active military duty and is transferred or pending transfer pursuant to an official military order to a military installation or reservation in the State.

(2) Upon request by the Authority, a parent or legal guardian provides a copy of the official military order transferring to a military installation or reservation located in the State.

(3) A parent or legal guardian completes and submits the application, except that proof of residency shall not be required until the parent or legal guardian transfers into North Carolina, at which time they shall be required prior to receiving an award.

(c) A student that submits an application pursuant to subsection (b) of this section shall not receive a scholarship award until proof of residency is provided in accordance with the requirements of the Authority.

NORTH CAROLINA NURSING INSTRUCTOR FELLOWS PROGRAM

SECTION 8A.8.(a) Article 23 of Chapter 116 of the General Statutes is amended by adding the following new Part to read:

"Part 3A. North Carolina Nursing Instructor Fellows Program.

"§ 116-209.64. Definitions.

The following definitions apply in this Part:

- (1) Academic term. – A semester or summer session.
- (2) Commission. – The North Carolina Nursing Instructor Fellows Commission.
- (3) Community college. – As defined in G.S. 115D-2(2).
- (4) Director. – The Director of the North Carolina Nursing Instructor Fellows Program.
- (5) Eligible institution of higher education. – A university or private postsecondary institution that offers a Bachelor of Science in Nursing program that is meant to prepare a person to meet the educational requirements for licensure under Article 9A of Chapter 90 of the General Statutes and a Master of Science in Nursing Education program.
- (6) Forgivable loan. – A forgivable loan made under the Program.
- (7) Program. – The North Carolina Nursing Instructor Fellows Program.
- (8) Qualifying nurse. – A nurse who meets all of the following criteria:
 - a. Received a forgivable loan.
 - b. Graduated within 10 years from a Master of Science in Nursing Education program at an eligible institution of higher education, excluding any authorized deferment for extenuating circumstances.
 - c. Holds a Bachelor of Science degree in Nursing and a Master of Science degree in Nursing Education.
 - d. Is licensed as a registered nurse in this State.
 - e. Is employed as an instructor in a qualifying nursing program.
- (9) Qualifying nursing program. – A nursing program at one of the following that prepares students to earn a degree in nursing and become a licensed practical nurse as defined in Article 9A of Chapter 90 of the General Statutes:
 - a. A community college.
 - b. A university or private postsecondary institution.
- (10) Trust Fund. – The North Carolina Nursing Instructor Fellows Program Trust Fund.
- (11) University or private postsecondary institution. – Either of the following:
 - a. A postsecondary constituent institution of The University of North Carolina as defined in G.S. 116-2(4).
 - b. An eligible private postsecondary educational institution as defined in G.S. 116-280(3).

"§ 116-209.65. North Carolina Nursing Instructor Fellows Commission established; membership.

(a) Commission Established. – There is established the North Carolina Nursing Instructor Fellows Commission. The Commission shall determine program and forgivable loan recipient selection criteria and selection procedures and shall select the recipients to receive forgivable loans under the North Carolina Nursing Instructor Fellows Program in accordance with the requirements of this Part. The Director of the North Carolina Nursing Instructor Fellows Program shall appoint staff to the Commission.

(b) Membership. – The Commission shall consist of eight members who shall be appointed or serve as ex officio members as follows:

(1) The Board of Governors of The University of North Carolina shall appoint four members to the Commission in even-numbered years as follows:

a. Two deans of schools of nursing at postsecondary constituent institutions of The University of North Carolina.

b. The president of a North Carolina community college.

c. A nurse who graduated from a school of nursing located in the State within three years of appointment to serve on the Commission.

(2) The General Assembly shall appoint two members to the Commission in odd-numbered years in accordance with G.S. 120-121 as follows:

a. One dean of a school of nursing at a private postsecondary institution operating in the State upon the recommendation of the Speaker of the House of Representatives.

b. One dean of a school of nursing at a private postsecondary institution operating in the State upon the recommendation of the President Pro Tempore of the Senate.

(3) The following two members shall serve as ex officio members to the Commission:

a. The chair of the Board of the State Education Assistance Authority, or the chair's designee.

b. The Director of the North Carolina Nursing Instructor Fellows Program.

(c) Terms of Office. – Appointments to the Commission shall be for two-year terms, beginning July 1 and expiring June 30.

(d) Vacancies. – If a vacancy occurs in an appointed position on the Commission, the appointing authority shall appoint another person meeting the same qualifications to serve for the balance of the unexpired term.

(e) Chair; Meetings. – The Director of the Program shall call the first meeting of the Commission. The Commission members shall elect a chair and a vice-chair from the membership of the Commission to serve one-year terms. The Commission shall meet regularly at times and places deemed necessary by the chair or, in the absence of the chair, by the vice-chair.

(f) Conflict of Interest. – A member of the Commission shall abstain from voting on the selection of a postsecondary constituent institution of The University of North Carolina or a private postsecondary institution operating in the State under G.S. 116-209.62(f) if the member is an officer or employee of the institution or sits as a member of the institution's board of directors.

(g) Expenses. – Commission members shall receive per diem, subsistence, and travel allowances in accordance with G.S. 138-5 or G.S. 138-6, as appropriate.

"§ 116-209.66. North Carolina Nursing Instructor Fellows Program established; administration.

(a) Program. – There is established the North Carolina Nursing Instructor 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 eligible nursing students for preparation as highly effective instructors in qualifying nursing programs. The Program shall be used to provide forgivable loans to nursing students enrolled in Bachelor of Science in Nursing and Master of Science in Nursing Education programs who are interested in preparing to become instructors in qualifying nursing programs.

(b) Trust Fund. – There is established the North Carolina Nursing Instructor 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 a Bachelor of Science degree in Nursing and a Master of Science degree in Nursing Education to fill needed positions for instructors in qualifying nursing programs.

(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 three hundred thousand dollars (\$300,000) 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 following purposes:

a. The Program's administrative costs.

b. The salary of the Director of the Program and other Program staff.

c. Expenses of the Commission.

d. Extracurricular enhancement activities of the Program.

e. Mentoring and coaching support to forgivable loan recipients in an amount of up to two thousand two hundred dollars (\$2,200) for each Program recipient.

(2) The Authority may use the greater of sixty thousand dollars (\$60,000) or four percent (4%) of the funds appropriated to the Trust Fund each fiscal year for administrative costs associated with the Program.

(d) Director of the Program. – The Board of Governors of The University of North Carolina shall appoint a Director of the Program. The Director shall appoint staff to the Commission and shall be responsible for recruitment and coordination of the Program, including proactive, aggressive, and strategic recruitment of potential recipients. Recruitment activities shall include (i) targeting regions of the State with the greatest need for nursing instructors in qualifying nursing programs, (ii) actively engaging with registered nurses, business leaders, experts in human resources, elected officials, and other community leaders throughout the State, and (iii) attracting candidates to the Program. The Director shall report to the President of The University of North Carolina. The Authority shall provide office space and clerical support staff, as necessary, to the Director for the Program.

(e) Student Selection Criteria for Forgivable Loans. – The Commission shall adopt stringent standards for awarding forgivable loans based on multiple measures to ensure that only the strongest applicants receive them, including the following:

(1) Grade point averages.

(2) Performance on relevant assessments.

(3) Experience, accomplishments, and other criteria demonstrating qualities positively correlated with highly effective instructors in qualifying nursing programs, including excellent verbal and communication skills.

(4) Demonstrated commitment to serve in North Carolina.

(f) Program Selection Criteria. – The Authority shall administer the Program in cooperation with up to eight eligible institutions of higher education that are selected by the Commission and represent a diverse selection of up to four postsecondary constituent institutions of The University of North Carolina and up to four private postsecondary institutions operating in the State. In selecting participating institutions, the Commission shall do the following:

(1) Prioritize the selection of eligible institutions of higher education that have a plan to facilitate the ability of nursing instructor fellows to transition from a

Bachelor of Science in Nursing program to a Master of Science in Nursing Education program at that institution.

(2) After considering the priority described in subdivision (1) of this subsection, the Commission shall adopt stringent standards for selection of participating institutions, including the following:

- a. Demonstrates measurable impact of prior graduates on student learning, including impact of graduates serving as instructors in qualifying nursing programs.
- b. Demonstrates high rates of graduates passing exams required for licensure.
- c. Provides curricular and co-curricular enhancements in leadership, facilitates learning for diverse learners, and promotes community engagement, and reflection and assessment.
- d. Provides early and frequent internship or practical experiences.

(g) Awards of Forgivable Loans. – The Program shall provide forgivable loans to up to 100 students each year who are enrolled in a Bachelor of Science in Nursing program at an eligible institution of higher education. Loan payments shall be provided each year for completion of the Bachelor of Science in Nursing program and a Master of Science in Nursing Education program. The student shall be eligible to receive loan payments for the Master of Science in Nursing Education program as long as the student enrolls within two years of graduation from the Bachelor of Science in Nursing program. Forgivable loans shall be awarded per academic term for up to eight academic terms in amounts of up to five thousand dollars (\$5,000) per semester or two thousand five hundred dollars (\$2,500) per summer session. Forgivable loans may be used for tuition, fees, the cost of books, and expenses related to completing a Bachelor of Science degree in Nursing and a Master of Science degree in Nursing Education.

(h) Administration of Forgivable Loan Awards. – Upon the naming of recipients of the forgivable loans by the Commission, the Commission shall transfer to the Authority its decisions. The Authority, in coordination with the Director, shall perform all of the administrative functions necessary to implement this Part, which functions shall include rulemaking, disseminating information, acting as a liaison with participating institutions of higher education, implementing forgivable loan agreements, loan monitoring, loan canceling through service and collection, determining the acceptability of service repayment agreements, enforcing the agreements, and all other functions necessary for the execution, payment, and enforcement of promissory notes required under this Part.

(i) Annual Report. – The Commission, in coordination with the Authority, the North Carolina Board of Nursing, and the selected institutions of higher education participating in the Program, shall report no later than January 1, 2026, and annually thereafter, to the Joint Legislative Education Oversight Committee regarding the following:

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

- a. Demographic information regarding recipients.
- b. Number of recipients by institution of higher education.

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

- a. Number of graduates who have been employed as instructors in qualifying nursing programs in the State within two years of graduation.
- b. Number of graduates who have elected to do loan repayment and their years of service, if any, prior to beginning loan repayment.
- c. Graduation rates of associate degree students taught by instructors in qualifying nursing programs who are recipients of loans under the Program.

- (3) Mentoring and coaching support, including the number of forgivable loan recipients who received mentoring and coaching support.
- (4) Selected nurse employer outcomes by degree program, including the following:
- a. Turnover rate for forgivable loan graduates, including the turnover rate for graduates who also received mentoring and coaching support.
- b. Fulfillment rate of forgivable loan graduates.

"§ 116-209.67. Terms of forgivable loans; receipt and disbursement of funds.

(a) Notes. – All forgivable loans shall be evidenced by notes made payable to the Authority that bear interest at a rate not to exceed ten percent (10%) per year as set by the Authority and beginning on the first day of September after completion of the Master of Science in Nursing Education program or 90 days after graduation, whichever is later. If a forgivable loan is terminated, the note shall be made payable to the Authority 90 days after termination of the forgivable loan. The forgivable loan may be terminated upon the recipient's withdrawal from the Program or by the recipient's failure to meet the standards set by the Commission.

(b) Forgiveness. – For every year a qualifying nurse remains a qualifying nurse, the Authority shall forgive one-third of the total loan amount received over the course of enrollment in the Bachelor of Science degree in Nursing program and the Master of Science degree in Nursing Education program and any interest accrued on that amount. The Authority shall also forgive the loan if it finds that it is impossible for the recipient to work for up to three years, within 10 years after completion of a Master of Science in Nursing Education program, as an instructor in a qualifying nursing program, because of the death or permanent disability of the recipient. If the recipient repays the forgivable loan by cash payments, all indebtedness shall be repaid within 10 years after completion of the Master of Science in Nursing Education program supported by the forgivable loan. If the recipient completes the Master of Science in Nursing Education program, payment of principal and interest shall begin no later than the first day of September after the completion of the program. Should a recipient present extenuating circumstances, the Authority may extend the period to repay the loan in cash to no more than a total of 12 years."

SECTION 8A.8.(b) G.S. 116-204 reads as rewritten:

"§ 116-204. Powers of Authority.

The Authority is hereby authorized and empowered:

...

- (9) To collect loan repayments for loans awarded under the ~~Teaching Fellows Program pursuant to G.S. 115C-363.23A~~ following programs if the loan repayment is outstanding for more than 30 ~~days~~ days:
- a. The Teaching Fellows Program pursuant to Part 3 of Article 23 of Chapter 116 of the General Statutes.
- b. The Nursing Instructor Fellows Program pursuant to Part 3A of Article 23 of Chapter 116 of the General Statutes.

...."

SECTION 8A.8.(c) Initial appointments to the North Carolina Nursing Instructor Fellows Commission shall be made no later than August 15, 2025. Initial appointments to the Commission shall expire July 1, 2027.

SECTION 8A.8.(d) The Commission shall establish initial selection criteria for recipients and select the eight institutions of higher education with approved nursing schools at which a recipient may use a forgivable loan no later than November 15, 2024, and shall make available applications to prospective students no later than December 31, 2024.

SECTION 8A.8.(e) The Commission shall select recipients and award the initial forgivable loans for the 2025-2026 academic year no later than April 1, 2025.

SECTION 8A.8.(f) This section becomes effective July 1, 2024, and applies beginning with applications for enrollment in the Nursing Instructor Fellows Program in the 2025-2026 academic year.

LONGLEAF COMMITMENT COMMUNITY COLLEGE GRANT CARRYFORWARD

SECTION 8A.9. Section 8A.7 of S.L. 2023-134 is amended by adding a new subsection to read:

"**SECTION 8A.7.(d1)** Carryforward. – The funds appropriated to the Board of Governors of The University of North Carolina in this act for the 2023-2024 fiscal year to be allocated to the State Education Assistance Authority for the Program shall not revert at the end of the 2023-2024 fiscal year but shall remain available for the purposes described in this section until the end of the 2024-2025 fiscal year."

MILITARY-CONNECTED STUDENTS OPPORTUNITY SCHOLARSHIP APPLICATIONS FOR 2024-2025

SECTION 8A.10.(a) Eligible Applications. – For scholarship grants awarded as provided in Part 2A of Article 39 of Chapter 115C of the General Statutes for the 2024-2025 school year, the State Education Assistance Authority shall accept applications from July 1, 2024, until July 31, 2024, for military-connected students, as defined in G.S. 115C-407.5, who were unable to submit an application in February 2024 due to military orders. Inability to submit an application in February 2024 due to military orders shall be established by submission of documentation of one of the following:

- (1) Rescinded military orders:
 - a. Receipt of orders for reassignment outside of this State incident to active military duty on or after October 1, 2023.
 - b. Receipt of revised assignment orders on or after March 1, 2024, to abide in this State incident to active military duty.
- (2) New military assignment orders:
 - a. Prior to March 1, 2024, abided in a state incident to active military duty other than this State.
 - b. On or after March 1, 2024, abided in this State incident to active military duty.

SECTION 8A.10.(b) Funds and Report. – Notwithstanding G.S. 115C-562.8(a), if the funds required to award scholarship grants for qualifying applications pursuant to subsection (a) of this section exceed the funds available for the distribution of those awards, the State Education Assistance Authority may allocate funds from the unencumbered cash balance in the Opportunity Scholarship Grant Fund Reserve for the 2024-2025 fiscal year to provide awards for these students in the 2024-2025 school year. If the Authority expends funds in excess of those available in the Reserve to be awarded in the 2024-2025 school year, the Authority shall submit the report required in G.S. 115C-562.7(d) as it relates to the awards provided under this section.

SECTION 8A.10.(c) Effective Date. – This section is effective when it becomes law.

REINSTATE AND REVISE CERTAIN TESTING REQUIREMENTS FOR NONPUBLIC SCHOOLS RECEIVING OPPORTUNITY SCHOLARSHIP FUNDS AND EXEMPT CERTAIN PESA STUDENTS FROM TESTING REQUIREMENTS

SECTION 8A.11.(a) 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:

...

(4) Administer, at least once in each school year, ~~tests as provided in this subdivision. Test performance data shall be submitted to the Authority by July 15 of each year. Test performance data reported to the Authority under this subdivision is not a public record under Chapter 132 of the General Statutes. 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 as follows:~~

a. ~~The nationally standardized test designated by the Authority in grades three and eight.~~

b. ~~The ACT in grade 11.~~

c. ~~A~~ 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, to all eligible students whose tuition and fees are paid in whole or in part with a scholarship grant enrolled in grades three and higher, except for eligible students who receive funds under subsection (b1) of G.S. 115C-592 through the North Carolina Personal Education Student Accounts for Children with Disabilities Program. For grades four through seven, eight, the nationally standardized test or other equivalent measurement selected must measure achievement in the areas of English grammar, reading, spelling, and mathematics. For grades nine, 10, and 12, nine through 12, the nationally standardized test or other equivalent measurement selected must measure either (i) achievement in the areas of English grammar, reading, spelling, and mathematics or (ii) competencies in the verbal and quantitative areas. A nonpublic school shall annually certify compliance with this subdivision and shall retain records of the test administration. Each year the Authority shall select at least four percent (4%) of nonpublic schools to verify testing administration in accordance with this subdivision.

...."

SECTION 8A.11.(b) The following are repealed:

- (1) Subsections (i) and (j) of Section 8A.6 of S.L. 2023-134.
- (2) G.S. 115C-562.2(b5).
- (3) G.S. 115C-562.5(c).
- (4) G.S. 115C-562.7(c).

SECTION 8A.11.(c) This section applies beginning with applications and the award of scholarship funds for the 2024-2025 school year.

ADDITIONAL FUNDS FOR THE OPPORTUNITY SCHOLARSHIP PROGRAM

SECTION 8A.12. G.S. 115C-562.8 reads as rewritten:

"§ 115C-562.8. The Opportunity Scholarship Grant Fund Reserve.

...

(b) The General Assembly finds that, due to the critical need in this State to provide opportunity for school choice for North Carolina students, it is imperative that the State provide an increase of funds for 15 years to the Opportunity Scholarship Grant Fund Reserve. Therefore, there is appropriated from the General Fund to the Reserve the following amounts for each fiscal year to be used for the purposes set forth in this section:

Fiscal Year	Appropriation
2017-2018	\$44,840,000
2018-2019	\$54,840,000

1	2019-2020	\$64,840,000
2	2020-2021	\$74,840,000
3	2021-2022	\$84,840,000
4	2022-2023	\$94,840,000
5	2023-2024	\$176,540,000
6	2024-2025	\$191,540,000
7	2025-2026	<u>\$415,540,000</u> <u>\$585,000,000</u>
8	2026-2027	<u>\$430,540,000</u> <u>\$600,000,000</u>
9	2027-2028	<u>\$445,540,000</u> <u>\$615,000,000</u>
10	2028-2029	<u>\$460,540,000</u> <u>\$630,000,000</u>
11	2029-2030	<u>\$475,540,000</u> <u>\$645,000,000</u>
12	2030-2031	<u>\$490,540,000</u> <u>\$660,000,000</u>
13	2031-2032	<u>\$505,540,000</u> <u>\$675,000,000</u>

For the 2032-2033 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 dollars (\$520,540,000)~~ six hundred ninety million dollars (\$690,000,000) to be used for the purposes set forth in this section. When developing the base budget, as defined by G.S. 143C-1-1, for each fiscal year specified in this subsection, the Director of the Budget shall include the appropriated amount specified in this subsection for that fiscal year.

...

(e) The Authority shall make reasonable efforts to ensure the amount of scholarship grants awarded for a school year do not exceed the funds that are available for the awards to eligible students in each fiscal year. However, notwithstanding subsection (a) of this section, to ensure that as many eligible students receive scholarship grants in a timely manner as possible, the Authority may use up to thirty percent (30%) of the unencumbered cash balance in the Reserve in a fiscal year if the funds required to award scholarship grants to eligible students for a school year exceed the funds available for the distribution of those awards. If the Authority expends funds in excess of those available in the Reserve for a particular school year, the Authority shall submit the report required by ~~G.S. 115C-562.7(b1)~~ G.S. 115C-562.7(d)."

ADDITIONAL FUNDS FOR NORTH CAROLINA PERSONAL EDUCATION STUDENT ACCOUNTS FOR CHILDREN WITH DISABILITIES PROGRAM

SECTION 8A.13. G.S. 115C-600(a) reads as rewritten:

"(a) The General Assembly finds that due to the continued growth and ongoing need in this State to provide opportunity for school choice for children with disabilities, it is imperative that the State provide an increase in funds of at least one million dollars (\$1,000,000) each fiscal year for 10 years for the Personal Education Student Accounts for Children with Disabilities Program. To that end, there is appropriated from the General Fund to the Board of Governors of The University of North Carolina the following amounts each fiscal year to be allocated to the Authority for the Program in accordance with this Article:

Fiscal Year	Appropriation
2023-2024	\$48,943,166
2024-2025	\$49,943,166
2025-2026	<u>\$50,943,166</u> <u>\$75,543,166</u>
2026-2027	<u>\$51,943,166</u> <u>\$76,543,166</u>
2027-2028	<u>\$52,943,166</u> <u>\$77,543,166</u>
2028-2029	<u>\$53,943,166</u> <u>\$78,543,166</u>
2029-2030	<u>\$54,943,166</u> <u>\$79,543,166</u>
2030-2031	<u>\$55,943,166</u> <u>\$80,543,166</u>
2031-2032	<u>\$56,943,166</u> <u>\$81,543,166</u>
2032-2033 and each subsequent fiscal year thereafter	<u>\$57,943,166</u> <u>\$82,543,166</u>

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

**INCREASE PROTECTIONS FOR FUNDS HELD IN NORTH CAROLINA
EDUCATION SAVINGS AND INVESTMENT ACCOUNTS AND NC ABLE
ACCOUNTS FROM CLAIMS OF CREDITORS AND OTHER JUDGMENTS**

SECTION 8A.14.(a) G.S. 116-209.25 is amended by adding a new subsection to read:

"(c2) NC Education Savings and Investment Accounts Protected. – Notwithstanding any other provision of law, funds located in an education savings and investment account of the Parental Savings Trust Fund or withdrawn from the account and used for purposes permitted under section 529 of the Internal Revenue Code shall not be subject to liens, attachment, garnishment, levy, seizure, any involuntary sale or assignment by operation or execution of law, or the enforcement of any other judgment or claim to pay any debt or liability of any account owner, beneficiary, or contributor to a plan. This subsection shall not affect any protection from creditors under G.S. 1C-1601(a)(10) for education savings and investment accounts that are not part of the Parental Savings Trust Fund."

SECTION 8A.14.(b) G.S. 1C-1601 reads as rewritten:

"§ 1C-1601. What property exempt; waiver; exceptions.

(a) Exempt property. – Each individual, resident of this State, who is a debtor is entitled to retain free of the enforcement of the claims of creditors:

...

(10) ~~Funds in a college savings plan~~ Except for funds in an education savings and investment account that is part of the Parental Savings Trust Fund, as provided in G.S. 116-209.25(c2), funds in an education savings and investment account qualified under section 529 of the Internal Revenue Code, not to exceed a cumulative limit of twenty-five thousand dollars ~~(\$25,000), but excluding (\$25,000). This exemption excludes any funds placed in a college savings plan~~ an education savings and investment account within the preceding 12 months (except to the extent any of the contributions were made in the ordinary course of the debtor's financial affairs and were consistent with the debtor's past pattern of contributions) and only to the extent that the funds are for a child of the debtor and will actually be used for ~~the child's college or university expenses~~ expenses of the child that are permitted under section 529 of the Internal Revenue Code.

...."

SECTION 8A.14.(c) Article 6F of Chapter 147 of the General Statutes is amended by adding a new section to read:

"§ 147-86.74. Exemption from garnishment, attachment, judgment.

Notwithstanding any other provision of law, except as provided in this section, funds located in an ABLE account or withdrawn from the account and used for expenses permitted under section 529A of the Internal Revenue Code shall not be subject to liens, attachment, garnishment, levy, seizure, any involuntary sale or assignment by operation or execution of law, or the enforcement of any other judgment or claim to pay any debt or liability of any account owner, beneficiary, or contributor to a plan. This section does not prohibit the distribution of funds from the account following the death of the account owner under G.S. 147-86.73(e) or under section 529A(f) of the Internal Revenue Code."

SECTION 8A.14.(d) This section becomes effective October 1, 2024, and applies to actions filed on or after that date.

PART IX. HEALTH AND HUMAN SERVICES**PART IX-A. AGING AND ADULT SERVICES****INCREASED HOME AND COMMUNITY CARE BLOCK GRANT FUNDS FOR HOUSING AND HOME IMPROVEMENT SERVICES FOR OLDER ADULTS**

SECTION 9A.1. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Aging and Adult Services (DAAS), the sum of one million one hundred thousand dollars (\$1,100,000) in nonrecurring funds for the 2024-2025 fiscal year shall be allocated to the Home and Community Care Block Grant (HCCBG) to increase funding for housing and home improvement services. Notwithstanding G.S. 143B-181.1(a)(11) or any other State law to the contrary, (i) the DAAS shall develop a mechanism to separately track and distribute these funds to ensure the funds are allocated and used for housing and home improvement services and (ii) area agencies on aging and counties that are recipients of these HCCBG funds shall not use these funds for any purpose other than to fund housing and home improvement services to assist adults 60 years of age or older who are eligible for HCCBG services with obtaining or retaining adequate housing and basic furnishings. These funds shall be used to supplement and not supplant existing federal, State, and local funds for housing and home improvement services.

PART IX-B. CENTRAL MANAGEMENT AND SUPPORT**USE OF DIRECTED GRANT FUNDS FOR THE NC ASSOCIATION OF FREE & CHARITABLE CLINICS**

SECTION 9B.1.(a) Notwithstanding any provision of S.L. 2023-134, the Committee Report described in Section 43.2 of that act, or any other law to the contrary, funds appropriated to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health, for each year of the 2023-2025 fiscal biennium, to be allocated as a directed grant to the North Carolina Association of Free and Charitable Clinics (NCAFCC), Inc., a nonprofit organization, for distribution to its member clinics to support the provision of health care to individuals who are uninsured and underserved shall not be withheld from member clinics in which less than twenty-five percent (25%) of the total number of individuals served per year are Medicaid beneficiaries.

SECTION 9B.1.(b) This section becomes effective July 1, 2024, and applies to all directed grant funds distributed by the NCAFCC to its member clinics on or after that date for the purposes described in subsection (a) of this section, including any unspent funds remaining from the 2023-2024 fiscal year.

PART IX-C. CHILD AND FAMILY WELL-BEING [RESERVED]**PART IX-D. CHILD DEVELOPMENT AND EARLY EDUCATION****CHILD CARE SUBSIDY/ADD MULTIPLIER FOR CERTIFIED DEVELOPMENTAL DAY CENTERS**

SECTION 9D.1. Section 9D.3(c) of S.L. 2023-134 reads as rewritten:

"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

- 1 paid the one-star county market rate or the rate they charge privately paying
2 parents unless prohibited by subsection (f) of this section.
- 3 (2) Licensed child care centers and homes with two or more stars shall receive the
4 market rate for that rated license level for that age group unless prohibited by
5 subsection (g) of this section.
- 6 (3) No payments shall be made for transportation services charged by child care
7 facilities.
- 8 (4) Payments for subsidized child care services for postsecondary education shall
9 be limited to a maximum of 20 months of enrollment. This shall not be
10 determined before a family's annual recertification period.
- 11 (5) The Department of Health and Human Services shall implement necessary
12 rule changes to restructure services, including, but not limited to, targeting
13 benefits to employment.
- 14 (6) Certified developmental day centers shall receive the applicable county
15 market rate plus (i) a multiplier of seventy-five one-hundredths for children
16 with special needs and (ii) a multiplier of five-tenths for typically developing
17 children."

19 QUALITY RATING IMPROVEMENT SYSTEM (QRIS) MODERNIZATION

20 **SECTION 9D.2.(a)** The Department of Health and Human Services, Division of
21 Child Development and Early Education (Division), shall update and revise the quality rating
22 improvement system (QRIS) to include alternative pathways for licensed child care facilities to
23 earn a license of two to five stars based on program standards and education levels of staff as
24 follows:

- 25 (1) A pathway focused on program assessment.
- 26 (2) A pathway focused on classroom and instructional quality.
- 27 (3) A pathway focused on accreditation.
- 28 (4) Any other pathway regarding updating the QRIS designated by the North
29 Carolina Child Care Commission, in its discretion.

30 **SECTION 9D.2.(b)** Upon request, a child care facility may be awarded a star-rated
31 license based on an accreditation from a national childhood education accreditation organization
32 provided the facility maintains its accreditation and remains in good standing. Star-rated licenses
33 based on accreditation shall be issued as follows:

- 34 (1) A three-star-rated license for a facility with an accreditation from any of the
35 following:
- 36 a. National Early Childhood Program Accreditation (NECPA).
- 37 b. National Association for Family Child Care (NAFCC).
- 38 c. American Montessori Society (AMS).
- 39 d. International Montessori Council (IMC).
- 40 (2) A five-star-rated license for a facility that meets the criteria of or has an
41 accreditation from any of the following:
- 42 a. National Association for the Education of Young Children (NAEYC).
- 43 b. National Accreditation Commission for Early Care and Education
44 Programs (NAC).
- 45 c. Cognia (formerly AdvanceED) that includes early learning standards.

46 **SECTION 9D.2.(c)** For accreditations earning less than five stars, there shall be
47 additional opportunities to allow a facility to increase its star rating. The Child Care Commission
48 (Commission) may, in its discretion, reassess an accreditation's star-rating equivalency or
49 increase or decrease the accreditation's star rating if the standard for earning the accreditation is
50 revised. The Commission may approve additional accreditations from national childhood
51 education accreditation organizations and determine their star-rating equivalency upon request.

1 **SECTION 9D.2.(d)** Notwithstanding any other provision of law to the contrary, the
2 Division of Child Development and Early Education (Division) shall not require a child care
3 facility with a two- to five-star-rated license to undergo a QRIS reassessment until rules
4 implementing QRIS reform become effective. However, nothing in this subsection shall prevent
5 a child care facility with a star-rated license from electing to undergo a QRIS assessment, upon
6 request of the Division, before rules implementing QRIS reform become effective.

7 **SECTION 9D.2.(e)** Effective February 1, 2025, if the Division of Child
8 Development and Early Education issues any new license with a rating of two to five stars to a
9 child care facility or any facility that elects to undergo a QRIS assessment based on a program
10 assessment before rules implementing QRIS reform become effective, the facility shall be
11 evaluated using "Infant/Toddler Environment Rating Scale, Third Edition," "Early Childhood
12 Environment Rating Scale, Third Edition," "School-Age Care Environment Rating Scale,
13 Updated Edition," or "Family Child Care Environment Rating Scale, Third Edition," as
14 applicable.

15 **SECTION 9D.2.(f)** Notwithstanding any other provision of law to the contrary,
16 when the Division of Child Development and Early Education (Division) issues any new license
17 with a rating of two to five stars to a child care facility or any facility that elects to undergo a
18 QRIS assessment before rules implementing QRIS reform become effective, if the percentage of
19 lead teachers in the facility required to meet the "rated licensed education requirements" criteria
20 is set at seventy-five percent (75%) for the facility to earn those "education points" toward the
21 facility's star rating, the Division shall lower the seventy-five percent (75%) threshold to fifty
22 percent (50%) of lead teachers.

23 **SECTION 9D.2.(g)** G.S. 110-90 reads as rewritten:

24 **"§ 110-90. Powers and duties of Secretary of Health and Human Services.**

25 The Secretary shall have the following powers and duties under the policies and rules of the
26 Commission:

27 ...

- 28 (4) To issue a rated license to any child care facility which meets the standards
29 established by this Article. ~~The rating shall be based on the following:~~ Article
30 as follows:

- 31 a. ~~Before January 1, 2008, for~~ For any child care facility currently
32 holding a license of two to five stars, ~~the rating shall be based on~~
33 ~~program standards, education levels of staff, and compliance history~~
34 ~~of the child care facility. By January 1, 2008, the rating shall be based~~
35 ~~on program standards and education levels of staff.~~ stars or any new
36 license issued to a child care facility with a rating of two to five stars,
37 the rating shall be based on (i) program standards and (ii) education
38 levels of staff. When evaluating program standards, the Department
39 shall consider the facility's staff/child ratios, space requirements,
40 continuous quality improvement standards, family and community
41 engagement practices, environmental rating scale evaluations,
42 curriculum, child observation and assessment, staff coaching or
43 mentoring, or accreditation by a national or regional accrediting
44 agency with early childhood standards. When evaluating education
45 levels of staff, the Department shall consider any early childhood and
46 child development coursework, early childhood education certificates,
47 Child Development Associate credentials, associate or bachelor's
48 degrees, continuous quality improvement standards for staff,
49 continuing education units, early childhood education competency
50 evaluations, work experience in child care, coaching or mentoring
51 completed, and education standards within an accreditation award.

- b. ~~Effective January 1, 2006, for any new license issued to a child care facility with a rating of two to five stars, the rating shall be based on program standards and education levels of staff.~~
- c. ~~By January 1, 2008, for~~ For any child care facility to maintain a license or Notice of Compliance, the child care facility shall have a compliance history of at least seventy-five percent (75%), as assessed by the Department. When a child care facility fails to maintain a compliance history of at least seventy-five percent (75%) for the past 18 months or during the length of time the facility has operated, whichever is less, as assessed by the Department, the Department may issue a provisional license or Notice of Compliance.
- d. ~~Effective January 1, 2006, for any new license or Notice of Compliance issued to a child care facility, the facility shall maintain a compliance history of at least seventy-five percent (75%), as assessed by the Department. When a child care facility fails to maintain a compliance history of at least seventy-five percent (75%) for the past 18 months or during the length of time the facility has operated, whichever is less, as assessed by the Department, the Department may issue a provisional license or Notice of Compliance.~~
- e. The Department shall provide additional opportunities for child care providers to earn points for program standards and education levels of staff, licensed facilities with a rating of two to five stars with an opportunity to earn recognition or acknowledgment for voluntary participation in other quality initiatives or specialties, including educational and programmatic options, that are implemented in addition to quality rating improvement system (QRIS) standards.

...."

SECTION 9D.2.(h) Nothing in this section shall be construed as interfering with the requirements of G.S. 110-88.1 regarding the training or curriculum offered by religious-sponsored child care facilities.

SECTION 9D.2.(i) The North Carolina Child Care Commission shall adopt, amend, or repeal any rules regarding star-rating system reform necessary to implement the provisions of this section, including any rule establishing the star rating to be automatically assessed for child care facilities designated as Head Start programs.

SECTION 9D.2.(j) Subsections (b) through (f) of this section are effective when they become law and expire on the date rules implementing QRIS reform become effective. The remainder of this section is effective when it becomes law.

CHILD CARE REGULATORY REFORMS

SECTION 9D.3.(a) The General Assembly recognizes the need to balance maintaining critical health, safety, and welfare standards for child care, as well as a well-established rating system used for informational purposes, with the need to move toward maximizing State funds for child care and increasing the supply of child care from State-funded sources. The General Assembly further recognizes the importance of continuing the child care stabilization grants funding while weighing the need to decrease the cost of child care through deregulatory actions and at the same time maintain child care subsidy reimbursement rates. The purpose of this provision, in part, is to encourage the business community to partner with the State in achieving this goal.

SECTION 9D.3.(b) To that end, by January 1, 2025, the Department of Health and Human Services, Division of Child Development and Early Education (Division), shall develop and implement a plan to separate the quality rating improvement system (QRIS) from the

requirements and payments for participation in the State subsidized child care program. The Division shall revise the child care subsidy reimbursement rates by removing the current star-rating differentials. To remain budget-neutral, the revised rates shall be weighted to reflect where enrolled children currently receive services. The Division shall continue to distinguish rates by county, age, and facility type. It is the intent of the General Assembly that implementing the revised rates shall not result in higher or lower costs to the State to serve the current enrollment of the subsidized child care program. These revised rates shall instead be a part of the progression towards implementing new rates as recommended in the next child care market rate study. After implementing the plan, licensed child care centers and homes may continue to receive star-ratings on a voluntary basis. However, the star-rating shall not impact the rate at which licensed child care centers or homes are reimbursed for subsidized child care.

SECTION 9D.3.(c) The Division of Child Development and Early Education shall ensure that the next market rate study also includes recommended rates that are not segmented by star-rating.

SECTION 9D.3.(d) Section 9D.3 of S.L. 2023-134 reads as rewritten:

"...

"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.~~ Licensed child care centers and homes, including religious sponsored child care facilities operating pursuant to G.S. 110-106, that meet the minimum licensing standards as set forth in G.S. 110-91, that are participating in the subsidized child care program shall be paid the applicable market rate or the rate they charge privately paying parents.
- (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 unless prohibited by subsection (g) of this section.~~
- (3) No payments shall be made for transportation services charged by child care facilities.
- (4) Payments for subsidized child care services for postsecondary education shall be limited to a maximum of 20 months of enrollment. This shall not be determined before a family's annual recertification period.
- (5) The Department of Health and Human Services shall implement necessary rule changes to restructure services, including, but not limited to, targeting benefits to employment.

...

"SECTION 9D.3.(e) A market rate shall be calculated for child care centers and homes ~~at each rated license level for each county and for each age group or age category of enrollees and~~ shall be representative of fees charged to parents for each age group of enrollees within the county. The Division of Child Development and Early Education shall also calculate a statewide rate and regional market rate for each rated license level for each age category.

~~**"SECTION 9D.3.(f)** The Division of Child Development and Early Education shall continue implementing policies that improve the quality of child care for subsidized children, including a policy in which child care subsidies are paid, to the extent possible, for child care in the higher quality centers and homes only. The Division shall define higher quality, and subsidy funds shall not be paid for one or two star rated facilities. For those counties with an inadequate number of four and five star rated facilities, the Division shall continue a transition period that allows the~~

facilities to continue to receive subsidy funds while the facilities work on the increased star ratings. The Division may allow exemptions in counties where there is an inadequate number of four and five star rated facilities for non-star rated programs, such as religious programs.

"SECTION 9D.3.(g) Facilities licensed pursuant to Article 7 of Chapter 110 of the General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the program that provides for the purchase of care in child care facilities for minor children of needy families. ~~Except as authorized by subsection (f) of this section, no~~ No separate licensing requirements shall be used to select facilities to participate. In addition, child care facilities shall be required to meet any additional applicable requirements of federal law or regulations. Child care arrangements exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall meet the requirements established by other State law and by the Social Services Commission.

County departments of social services or other local contracting agencies shall not use a provider's failure to comply with requirements in addition to those specified in this subsection as a condition for reducing the provider's subsidized child care rate.

...."

SECTION 9D.3.(e) G.S. 110-90(4) is amended by adding a new sub-subdivision to read:

"f. A rated license shall have no impact on the rate at which a child care facility is reimbursed for subsidized child care."

SECTION 9D.3.(f) Nothing in this section shall be construed as impacting the star-rating requirements for the NC Prekindergarten (NC Pre-K) program.

SECTION 9D.3.(g) The North Carolina Child Care Commission shall adopt, amend, or repeal any rules regarding separating the star-rating system from requirements and payments for reimbursement for subsidized child care.

SECTION 9D.3.(h) G.S. 110-86(5a) reads as rewritten:

"(5a) Lead teacher. – An individual who is responsible for planning and implementing the daily program of activities for ~~a group~~ no more than two groups of children in a child care facility."

SECTION 9D.3.(i) G.S. 110-91(7)a. reads as rewritten:

"a. The Commission shall adopt rules for child care centers regarding staff-child ratios, group sizes and multi-age groupings other than for infants and toddlers, provided that these rules shall be no less stringent than those currently required for staff-child ratios as enacted in Section 156(e) of Chapter 757 of the 1985 Session Laws. Only one lead teacher shall be required for every two groups.

1. Except as otherwise provided in this subdivision, the staff-child ratios and group sizes for infants and toddlers in child care centers shall be no less stringent than as follows:

Age	Ratio Staff/Children	Group Size
0 to 12 months	1/5	10
12 to 24 months	1/6	12
2 to 3 years	1/10	20.

No child care center shall care for more than 25 children in one group. Child care centers providing care for 26 or more children shall provide for two or more groups according to the ages of children and shall provide separate supervisory personnel and separate identifiable space for each group.

2. When any preschool-aged child is enrolled in a child care center and the licensed capacity of the center is six through 12 children, the staff-child ratios shall be no less stringent than as follows:

Age	Ratio Staff/Children
0 to 12 months	1/5 preschool children plus 3 additional school-aged children
12 to 24 months	1/6 preschool children plus 2 additional school-aged children.

The following shall also apply:

- I. There is no specific group size.
- II. When only one caregiver is required to meet the staff-child ratio, the operator shall make available to parents the name, address, and phone number of an adult who is nearby and available for emergency relief.
- III. Children shall be supervised at all times. All children who are not asleep or resting shall be visually supervised. Children may sleep or rest in another room as long as a caregiver can hear them and respond immediately."

SECTION 9D.3.(j) The Division of Child Development and Early Education (Division) shall submit a progress report on implementing the requirements of this section by April 1, 2025, to the Chairs of the House and Senate Appropriations Committees, the Chairs of the House and Senate Appropriations Committees on Health and Human Services, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division. The Division shall submit a final report within two months from the date the next market rate study is released and include an estimate of the cost of implementing the recommended rates.

TRI-SHARE CHILD CARE PILOT PROGRAM EXPANSION

SECTION 9D.4. Section 9D.9 of S.L. 2023-134 reads as rewritten:

"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 (\$900,000) in nonrecurring funds for ~~each year of the 2023-2025 fiscal biennium~~ the 2023-2024 fiscal year and the sum of one million nine hundred thousand dollars (\$1,900,000) in nonrecurring funds for the 2024-2025 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 ~~three~~ six 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~~ at least two selected from a ~~tier one county~~ tier one counties, one selected from a tier two county, and one selected from a tier three

county. For purposes of this section, a tier ~~one~~ one, tier two, and tier three county shall have the same designation as that established by the North Carolina Department of Commerce's 2023 2024 County Tier Designations.

...

"SECTION 9D.9.(g) Of the funds appropriated in this section to the Division of Child Development and Early Education (Division) for the Tri-Share Child Care pilot program for the 2024-2025 fiscal year, 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 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.
- (4a) Statistics that describe the uptake and use of the pilot program, such as (i) the number of applications received, (ii) the amount of funds requested, (iii) the number of applications approved, (iv) the total amount of funds awarded, and (v) the types of child care used by students receiving funds from the pilot program.
- (4b) An estimate of the number of families who would not otherwise access child care services except as a result of the pilot program.
- (4c) An assessment of any obstacles families and businesses faced in receiving pilot program funds or participating in the pilot program.
- (4d) Recommendations on whether to continue the pilot program and, if so, what improvements might be made.
- (5) Any other relevant information deemed appropriate."

CLARIFY LANGUAGE/COMPENSATION GRANTS FOR CHILD CARE PROGRAMS

SECTION 9D.5. Section 9L.2(b) of S.L. 2021-180, as amended by Section 9L.2(a) of S.L. 2022-74 and Section 9D.11 of S.L. 2023-134, reads as rewritten:

"SECTION 9L.2.(b) Of the funds appropriated in this act from federal Child Care and Development Block Grant funds received pursuant to ARPA to the Department of Health and Human Services, Division of Child Development and Early Education, the sum of five hundred three million seven hundred ninety-three thousand seven hundred eleven dollars (\$503,793,711) in nonrecurring funds shall be allocated for the following in response to the COVID-19 pandemic:

- (1) Up to two hundred seventy-four million dollars (\$274,000,000) of the funds shall be used as follows:
 - a. A minimum of two hundred six million dollars (\$206,000,000) ~~but no more than two hundred fifteen million dollars (\$215,000,000)~~ to (i) reduce the waitlist for children eligible for subsidized child care who are in foster care and (ii) after addressing the waitlist under item (i) of this sub-subdivision, work toward reducing the waitlist for children eligible for subsidized child care. Additionally, the Division shall use a portion of these funds to extend the compensation grants portion of the child care stabilization grants, as authorized under Section 3.2(a) of S.L. 2021-25, until these funds are exhausted.

- b. ~~A minimum of fifty million dollars (\$50,000,000) but no more than~~
Up to fifty-nine million dollars (\$59,000,000) to modernize and
improve early childhood technology infrastructure.
...."

CHILD CARE STABILIZATION GRANTS FUNDING

SECTION 9D.6. Of the funds appropriated in this act for the 2024-2025 fiscal year to the Department of Health and Human Services, Division of Child Development and Early Education (Division), the sum of one hundred nine million five hundred one thousand seventy-eight dollars (\$109,501,078) from State Fiscal Recovery Funds and the sum of twenty-five million four hundred ninety-eight thousand nine hundred twenty-two dollars (\$25,498,922) in nonrecurring funds from the Child Care and Development Fund Block Grant for quality and availability initiatives shall be used to continue the compensation grants portion of the child care stabilization grants. The Division shall decrease grant amounts from levels it has previously provided. The Division shall provide grants for four quarters using decreased amounts to stay within the funding limits provided in this section.

PART IX-E. HEALTH BENEFITS

DURATION OF MEDICAID PROGRAM MODIFICATIONS

SECTION 9E.1.(a) Except for statutory changes or where otherwise specified, the Department of Health and Human Services shall not be required to maintain, after June 30, 2025, any modifications to the Medicaid program required by this Subpart.

SECTION 9E.1.(b) Consistent with the duration of Medicaid program modifications established in subsection (a) of this section, the Department of Health and Human Services shall not be required to maintain, after June 30, 2025, any modifications to the Medicaid program required by Section 15 of S.L. 2023-129.

MODIFY MEDICAID RECEIVABLES ACCOUNTED FOR AS NONTAX REVENUE

SECTION 9E.2. 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 2024-2025 fiscal year, the Department of Health and Human Services shall deposit from its revenues ~~eighty-eight million four hundred thousand one hundred fifty-nine~~
million five hundred thousand dollars ~~(\$88,400,000)-(\$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:

...."

CONTINGENT TRANSFER OF FUNDS FOR CHILDREN AND FAMILIES SPECIALTY PLAN

SECTION 9E.3. Funds from the Medicaid Contingency Reserve, described in G.S. 143C-4-11, shall be transferred to the Department of Health and Human Services, Division of Health Benefits (DHB), in accordance with this section. Beginning with December, 2024, for each month of the 2024-2025 fiscal year in which DHB makes capitation payments for the Children and Families Specialty Plan, as defined in G.S. 108D-1, the State Controller shall transfer five million dollars (\$5,000,000) in nonrecurring funds to DHB to be used for costs

associated with the operation of the Children and Families Specialty Plan. To the extent that any funds are transferred under this section, the funds are appropriated for the purpose set forth in this section.

TEMPORARILY EXTEND OPTION TO DECREASE MEDICAID ENROLLMENT BURDEN ON COUNTY DEPARTMENTS OF SOCIAL SERVICES

SECTION 9E.4.(a) Section 1.8(a) of S.L. 2023-7 reads as rewritten:

"**SECTION 1.8.(a)** Notwithstanding G.S. 108A-54(d) and in accordance with G.S. 143B-24(b), the Department of Health and Human Services (DHHS) is authorized, on a temporary basis to conclude ~~no later than 12 months after the date approved by the Centers for Medicare and Medicaid Services (CMS) for Medicaid coverage to begin in North Carolina for individuals described in section 1902(a)(10)(A)(i)(VIII) of the Social Security Act, by June 30, 2025,~~ to utilize the federally facilitated marketplace (Marketplace), also known as the federal health benefit exchange, to make Medicaid eligibility determinations. In accordance with G.S. 108A-54(b), these eligibility determinations shall be in compliance with all eligibility categories, resource limits, and income thresholds set by the General Assembly."

SECTION 9E.4.(b) Section 1.8(g) of S.L. 2023-7 reads as rewritten:

"**SECTION 1.8.(g)** Subsection (a) of this section expires ~~12 months after the date approved by the Centers for Medicare and Medicaid Services (CMS) for Medicaid coverage to begin in North Carolina for individuals described in section 1902(a)(10)(A)(i)(VIII) of the Social Security Act, June 30, 2025.~~"

INCREASE RATES FOR SPEECH THERAPY

SECTION 9E.5. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Health Benefits, the sum of four million dollars (\$4,000,000) in recurring funds for the 2024-2025 fiscal year shall be used to increase the Medicaid rates paid for speech-language therapy and audiology therapy services.

INCREASE RATES FOR DURABLE MEDICAL EQUIPMENT

SECTION 9E.6. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Health Benefits, the sum of nine million dollars (\$9,000,000) in recurring funds for the 2024-2025 fiscal year shall be used to increase the Medicaid rates paid for durable medical equipment.

EXTEND DURABLE MEDICAL EQUIPMENT RATES IN MEDICAID MANAGED CARE

SECTION 9E.7. Section 11 of S.L. 2020-88, as amended by Section 3.6 of S.L. 2021-62, reads as rewritten:

"DURABLE MEDICAL EQUIPMENT RATE

"**SECTION 11.** For the first ~~five years~~ 10 years, ending June 30, 2031, of the ~~initial~~ standard benefit plan prepaid health plan capitated contracts required under Article 4 of Chapter 108D of the General Statutes, the reimbursement for durable medical equipment and supplies, orthotics, and prosthetics under managed care shall be set at one hundred percent (100%) of the lesser of the supplier's usual and customary rate or the maximum allowable Medicaid fee-for-service rates for durable medical equipment and supplies, orthotics, and prosthetics."

EXTEND PHARMACY REIMBURSEMENT RATES IN MEDICAID MANAGED CARE

SECTION 9E.8. Section 9D.19A of S.L. 2021-180, as amended by Section 9D.8 of S.L. 2022-74, reads as rewritten:

"**SECTION 9D.19A.(a)** Notwithstanding G.S. 108D-65(6)b., for the prepaid health plan capitated contracts required under Article 4 of Chapter 108D of the General Statutes, the

reimbursement for the ingredient cost for covered outpatient drugs and the professional drug dispensing fee shall be set at one hundred percent (100%) of the Medicaid pharmacy fee-for-service reimbursement methodologies in Attachment 4.19-B of section 12 of the Medicaid State Plan under Title XIX of the Social Security Act Medicaid Assistance Program, as filed with, and approved by, the Centers for Medicare and Medicaid Services. The National Average Drug Acquisition Cost (NADAC), when applicable and as allowed under the Medicaid State Plan, plus a professional dispensing fee based on the cost of the dispensing study conducted on behalf of the North Carolina Department of Health and Human Services, Division of Health Benefits, will serve as the primary method utilized for reimbursement for retail community pharmacy claims not dispensed utilizing covered outpatient drugs acquired through the 340B drug discount program established under 42 U.S.C. § 256b. All claims utilizing drugs acquired through the 340B drug discount program shall be reimbursed in accordance with the CMS-approved Medicaid State Plan.

"SECTION 9D.19A.(b) This section is effective when it becomes law and expires June 30, ~~2026~~2031."

ENSURE MEDICAID RECEIPTS FOR NC HEALTH WORKS IMPLEMENTATION COSTS

SECTION 9E.9.(a) For purposes of calculating the public hospital health advancement assessments and the private hospital health advancement assessments under Part 3 of Article 7B of Chapter 108A of the General Statutes, for the assessment quarter in which this subsection becomes effective, any reference to "total nonfederal receipts for health advancement" in that Part shall be to the calculation in this subsection, notwithstanding the calculation under G.S. 108A-147.3(b). The amount of the total nonfederal receipts for health advancement shall be calculated by adding all of the following:

- (1) The presumptive service cost component calculated under G.S. 108A-147.5.
- (2) The HASP health advancement component calculated under G.S. 108A-147.6.
- (3) The administration component calculated under G.S. 108A-147.7.
- (4) The State retention component under G.S. 108A-147.9.
- (5) The positive or negative health advancement reconciliation adjustment component calculated under G.S. 108A-147.11(a).
- (6) Twelve million eight hundred thousand dollars (\$12,800,000).

SECTION 9E.9.(b) Notwithstanding the limitation on the use of funds under G.S. 108A-147.13(a), DHHS may use twelve million eight hundred thousand dollars (\$12,800,000) of the receipts collected under Part 3 of Article 7B of Chapter 108A of the General Statutes during the 2024-2025 fiscal year for the Medicaid program.

SECTION 9E.9.(c) No later than September 1, 2024, DHHS shall submit to the Joint Legislative Oversight Committee on Medicaid and the Fiscal Research Division a report that details the amount of funds that DHHS provided to each county department of social services from funding sources other than the proceeds of the health advancement assessments during the 2022-2023 fiscal year and the 2023-2024 fiscal year for the implementation of NC Health Works under Section 1.1 of S.L. 2023-7 and the date that those amounts were provided to each county department of social services.

SECTION 9E.9.(d) Subsections (a) and (b) of this section are effective on the first day of the next assessment quarter after this act becomes law.

ENSURE CERTAIN MEDICAID RECEIPTS

SECTION 9E.10.(a) For purposes of calculating the public hospital modernized assessments and the private hospital modernized assessments under Part 2 of Article 7B of Chapter 108A of the General Statutes, for the assessment quarter in which this subsection

becomes effective, any reference to "total modernized nonfederal receipts" in that Part shall be to the calculation in this subsection, notwithstanding the calculation under G.S. 108A-146.5(b). The amount of the total modernized nonfederal receipts shall be calculated by adding all of the following:

- (1) One-fourth of the State's annual Medicaid payment as defined in G.S. 108A-145.3.
- (2) The managed care component under G.S. 108A-146.7.
- (3) The fee-for-service component under G.S. 108A-146.9.
- (4) The modernized HASP component under G.S. 108A-146.10.
- (5) The GME component under G.S. 108A-146.11.
- (6) The postpartum coverage component under G.S. 108A-146.12.
- (7) Ten million seven hundred fifty thousand dollars (\$10,750,000).

SECTION 9E.10.(b) Notwithstanding the limitation on the use of funds under G.S. 108A-146.15, the Department of Health and Human Services may use up to ten million seven hundred fifty thousand dollars (\$10,750,000) of the receipts collected under Part 2 of Article 7B of Chapter 108A of the General Statutes during the 2024-2025 fiscal year for the Medicaid program.

SECTION 9E.10.(c) Subsections (a) and (b) of this section are effective on the first day of the next assessment quarter after this act becomes law.

MEDICAID HASP REIMBURSEMENT FOR PSYCHIATRIC HOSPITALS

SECTION 9E.11.(a) G.S. 108A-148.1(a) reads as rewritten:

"(a) The healthcare access and stabilization program is a directed payment program that provides acute care hospitals with increased reimbursements funded through hospital assessments in accordance with this section. Upon the approval of CMS, the healthcare access and stabilization program directed payment program shall additionally provide qualifying freestanding psychiatric hospitals with increased reimbursements funded through hospital assessments. A qualifying freestanding psychiatric hospital is a freestanding psychiatric hospital as defined in G.S. 108A-145.3 that is Medicare-certified and submits Hospital Cost Report Information System cost report data to CMS."

SECTION 9E.11.(b) The Department of Health and Human Services shall submit a 42 C.F.R. § 438.6(c) preprint requesting approval to include freestanding psychiatric hospitals in the healthcare access and stabilization program (HASP) authorized under G.S. 108A-148.1, as amended by subsection (a) of this section.

SECTION 9E.11.(c) G.S. 108A-145.3 reads as rewritten:

"§ 108A-145.3. Definitions.

The following definitions apply in this Article:

...

(6c) Freestanding psychiatric hospital. – A hospital facility that is (i) licensed under Article 2 of Chapter 122C of the General Statutes, (ii) primarily engaged in providing to inpatients, by or under the supervision of a physician, psychiatric services for the diagnosis and treatment of individuals with mental illnesses, and (iii) not State-owned and State-operated.

(6d) HASP directed payments. – Payments made by the Department to prepaid health plans to be used for (i) increased reimbursements to hospitals under the HASP program and (ii) the costs to prepaid health plans from the gross premiums tax under G.S. 105-228.5 and the insurance regulatory charge under G.S. 58-6-25 associated with those hospital reimbursements.

~~(6d)~~(6e) Healthcare access and stabilization program (HASP). – The directed payment program providing increased reimbursements to acute care hospitals

and freestanding psychiatric hospitals as approved by CMS and authorized by G.S. 108A-148.1.

...."

SECTION 9E.11.(d) G.S. 108A-146.1 reads as rewritten:

"§ 108A-146.1. Public hospital modernized assessment.

(a) The public hospital modernized assessment imposed under this Part shall apply to all public acute care hospitals.

(b) The public hospital modernized assessment shall be assessed as a percentage of each public acute care hospital's hospital costs. The assessment percentage shall be calculated quarterly by the Department of Health and Human Services in accordance with this Part. The percentage for each quarter shall equal the aggregate acute care hospital modernized assessment collection amount under G.S. 108A-146.5 multiplied by the public hospital historical assessment share and divided by the total hospital costs for all public acute care hospitals holding a license on the first day of the assessment quarter."

SECTION 9E.11.(e) G.S. 108A-146.3 reads as rewritten:

"§ 108A-146.3. Private hospital modernized assessment.

(a) The private hospital modernized assessment imposed under this Part shall apply to all private acute care hospitals.

(b) The private hospital modernized assessment shall be assessed as a percentage of each private acute care hospital's hospital costs. The assessment percentage shall be calculated quarterly by the Department of Health and Human Services in accordance with this Part. The percentage for each quarter shall equal the aggregate acute care hospital modernized assessment collection amount under G.S. 108A-146.5 multiplied by the private hospital historical assessment share and divided by the total hospital costs for all private acute care hospitals holding a license on the first day of the assessment quarter."

SECTION 9E.11.(f) Part 2 of Article 7B of Chapter 108A of the General Statutes is amended by adding a new section to read:

"§ 108A-146.4. Freestanding psychiatric hospital modernized assessment.

(a) The freestanding psychiatric hospital modernized assessment imposed under this Part shall apply to all freestanding psychiatric hospitals.

(b) The freestanding psychiatric hospital modernized assessment shall be assessed as a percentage of each freestanding psychiatric hospital's hospital costs. The assessment percentage shall be calculated quarterly by the Department of Health and Human Services in accordance with this Part. The percentage for each quarter shall equal the modernized freestanding psychiatric hospital HASP component under G.S. 108A-146.10A divided by the total hospital costs for all freestanding psychiatric hospitals holding a license on the first day of the assessment quarter."

SECTION 9E.11.(g) G.S. 108A-146.5 reads as rewritten:

"§ 108A-146.5. Aggregate acute care hospital modernized assessment collection amount.

(a) The aggregate modernized assessment collection amount is an amount of money that is calculated by subtracting the modernized intergovernmental transfer adjustment component under G.S. 108A-146.13 from the total modernized nonfederal receipts under subsection (b) of this section and then adding the positive or negative amount of the modernized IGT actual receipts adjustment component under G.S. 108A-146.14.

(b) The total modernized nonfederal receipts is the sum of all of the following:

(1) One-fourth of the State's annual Medicaid payment.

(2) The managed care component under G.S. 108A-146.7.

(3) The fee-for-service component under G.S. 108A-146.9.

(3a) The modernized acute care hospital HASP component under G.S. 108A-146.10.

- (3b) The modernized freestanding psychiatric hospital HASP component under G.S. 108A-146.10A.
- (4) The GME component under G.S. 108A-146.11.
- (5) Beginning April 1, 2022, and ending March 31, 2027, the postpartum coverage component under G.S. 108A-146.12.
- (6) Beginning April 1, 2024, the home and community-based services component under G.S. 108A-146.12A.

(c) The aggregate acute care hospital modernized assessment collection amount is an amount of money equal to the aggregate modernized assessment collection amount under subsection (a) of this section minus the modernized freestanding psychiatric hospital HASP component under G.S. 108A-146.10A."

SECTION 9E.11.(h) G.S. 108A-146.10 reads as rewritten:

"§ 108A-146.10. Modernized acute care hospital HASP component.

The modernized acute care hospital HASP component is an amount of money that is calculated each quarter by multiplying the aggregate amount of HASP directed payments due to PHPs in the current quarter for ~~hospital~~-reimbursements to acute care hospitals that are not attributable to newly eligible individuals by the nonfederal share for not newly eligible individuals."

SECTION 9E.11.(i) Part 2 of Article 7B of Chapter 108A of the General Statutes is amended by adding a new section to read:

"§ 108A-146.10A. Modernized freestanding psychiatric hospital HASP component.

The modernized freestanding psychiatric hospital HASP component is an amount of money that is calculated each quarter by multiplying the aggregate amount of HASP directed payments due to PHPs in the current quarter for reimbursements to freestanding psychiatric hospitals that are not attributable to newly eligible individuals by the nonfederal share for not newly eligible individuals."

SECTION 9E.11.(j) G.S. 108A-146.13 reads as rewritten:

"§ 108A-146.13. Modernized presumptive IGT adjustment component.

...

(c) The modernized presumptive IGT adjustment component is an amount of money equal to the sum of all of the following subcomponents:

- (1) The public hospital IGT subcomponent is the total of the following amounts:
- Sixteen and forty-three hundredths percent (16.43%) of the amount of money that is equal to the total modernized nonfederal receipts under G.S. 108A-146.5(b) for the current quarter minus the modernized acute care hospital HASP component under G.S. 108A-146.10 for the current quarter and minus the modernized freestanding psychiatric hospital HASP component under G.S. 108A-146.10A for the current quarter.
 - Sixty percent (60%) of the nonfederal share for not newly eligible individuals of the aggregate amount of HASP directed payments due to PHPs in the current quarter for reimbursements to public acute care hospitals and that are not attributable to newly eligible individuals.
- (2) The UNC Health Care System IGT subcomponent is the total of the following amounts:
- Four and sixty-two hundredths percent (4.62%) of the ~~difference of amount of money that is equal to the~~ total modernized nonfederal receipts under G.S. 108A-146.5(b) for the current quarter minus the modernized acute care hospital HASP component under G.S. 108A-146.10 for the current quarter and minus the modernized

freestanding psychiatric hospital HASP component under
G.S. 108A-146.10A for the current quarter.

- b. The nonfederal share for not newly eligible individuals of the aggregate amount of HASP directed payments due to PHPs in the current quarter for reimbursements to UNC Health Care System hospitals that are not attributable to newly eligible individuals.

(3) The East Carolina University IGT subcomponent is the total of the following amounts:

- a. One and four hundredths percent (1.04%) of the ~~difference of amount of money that is equal to the~~ total modernized nonfederal receipts under G.S. 108A-146.5(b) for the current quarter minus the modernized acute care hospital HASP component under G.S. 108A-146.10 for the current quarter and minus the modernized freestanding psychiatric hospital HASP component under G.S. 108A-146.10A for the current quarter.

- b. The nonfederal share for not newly eligible individuals of the aggregate amount of HASP directed payments due to PHPs in the current quarter for reimbursements to the primary affiliated teaching hospital for the East Carolina University Brody School of Medicine that are not attributable to newly eligible individuals."

SECTION 9E.11.(k) G.S. 108A-147.1 reads as rewritten:

"§ 108A-147.1. Public hospital health advancement assessment.

(a) The public hospital health advancement assessment imposed under this Part shall apply to all public acute care hospitals.

(b) The public hospital health advancement assessment shall be assessed as a percentage of each public acute care hospital's hospital costs. The assessment percentage shall be calculated quarterly by the Department in accordance with this Part. The percentage for each quarter shall equal the aggregate acute care hospital health advancement assessment collection amount calculated under G.S. 108A-147.3 multiplied by the public hospital historical assessment share and divided by the total hospital costs for all public acute care hospitals holding a license on the first day of the assessment quarter."

SECTION 9E.11.(l) G.S. 108A-147.2 reads as rewritten:

"§ 108A-147.2. Private hospital health advancement assessment.

(a) The private hospital health advancement assessment imposed under this Part shall apply to all private acute care hospitals.

(b) The private hospital health advancement assessment shall be assessed as a percentage of each private acute care hospital's hospital costs. The assessment percentage shall be calculated quarterly by the Department in accordance with this Part. The percentage for each quarter shall equal the aggregate acute care hospital health advancement assessment collection amount calculated under G.S. 108A-147.3 multiplied by the private hospital historical assessment share and divided by the total hospital costs for all private acute care hospitals holding a license on the first day of the assessment quarter."

SECTION 9E.11.(m) Part 3 of Article 7B of Chapter 108A of the General Statutes is amended by adding a new section to read:

"§ 108A-147.2A. Freestanding psychiatric hospital health advancement assessment.

(a) The freestanding psychiatric hospital health advancement assessment imposed under this Part shall apply to all freestanding psychiatric hospitals.

(b) The freestanding psychiatric hospital health advancement assessment shall be assessed as a percentage of each freestanding psychiatric hospital's hospital costs. The assessment percentage shall be calculated quarterly by the Department in accordance with this Part. The percentage for each quarter shall equal the health advancement freestanding psychiatric hospital

HASP component calculated under G.S. 108A-147.6A divided by the total hospital costs for all freestanding psychiatric hospitals holding a license on the first day of the assessment quarter."

SECTION 9E.11.(n) G.S. 108A-147.3 reads as rewritten:

"§ 108A-147.3. Aggregate acute care hospital health advancement assessment collection amount.

(a) The aggregate health advancement assessment collection amount is an amount of money that is calculated quarterly by adjusting the total nonfederal receipts for health advancement calculated under subsection (b) of this section by (i) subtracting the health advancement presumptive IGT adjustment component calculated under G.S. 108A-147.9, (ii) adding the positive or negative health advancement IGT actual receipts adjustment component calculated under G.S. 108A-147.10, and (iii) subtracting the positive or negative IGT share of the reconciliation adjustment component calculated under G.S. 108A-147.11(b).

(b) The total nonfederal receipts for health advancement is an amount of money that is calculated quarterly by adding all of the following:

(1) The presumptive service cost component calculated under G.S. 108A-147.5.

(2) The ~~HASP~~ health advancement acute care hospital HASP component calculated under G.S. 108A-147.6.

(2a) The health advancement freestanding psychiatric hospital HASP component calculated under G.S. 108A-147.6A.

(3) The administration component calculated under G.S. 108A-147.7.

(4) The State retention component under G.S. 108A-147.9.

(5) The positive or negative health advancement reconciliation adjustment component calculated under G.S. 108A-147.11(a).

(c) The aggregate acute care hospital health advancement assessment collection amount is an amount of money equal to the aggregate health advancement assessment collection amount under subsection (a) of this section minus the health advancement freestanding psychiatric hospital HASP component under G.S. 108A-147.6A."

SECTION 9E.11.(o) G.S. 108A-147.5 reads as rewritten:

"§ 108A-147.5. Presumptive service cost component.

(a) For every State fiscal quarter prior to the fiscal quarter in which G.S. 108A-54.3A(24) becomes effective, the presumptive service cost component is zero.

(b) For the State fiscal quarter in which G.S. 108A-54.3A(24) becomes effective, the presumptive service cost component is the product of forty-eight million seven hundred fifty thousand dollars (\$48,750,000) multiplied by the number of months in that State fiscal quarter in which G.S. 108A-54.3A(24) is effective during any part of the month.

(c) For the first State fiscal quarter after the State fiscal quarter in which G.S. 108A-54.3A(24) becomes effective, the presumptive service cost component is one hundred forty-six million two hundred fifty thousand dollars (\$146,250,000).

(d) For the second State fiscal quarter after the State fiscal quarter in which G.S. 108A-54.3A(24) becomes effective, and for each State fiscal quarter thereafter, the presumptive service cost component is an amount of money that is the greatest of the following:

(1) The prior quarter's presumptive service cost component amount.

(2) The prior quarter's presumptive service cost component amount increased by a percentage that is the sum of each monthly percentage change in the Consumer Price Index: Medical Care for the most recent three months available on the first day of the current quarter.

(3) The prior quarter's presumptive service cost component amount increased by the percentage change in the weighted average of the base capitation rates for standard benefit plans for all rating groups associated with newly eligible individuals compared to the prior quarter. The weight for each rating group

- 1 shall be calculated using member months documented in the Medicaid
2 managed care capitation rate certification for standard benefit plans.
- 3 (4) The prior quarter's presumptive service cost component amount increased by
4 the percentage change in the weighted average of the base capitation rates for
5 BH IDD tailored plans for all rating groups associated with newly eligible
6 individuals compared to the prior quarter. The weight for each rating group
7 shall be calculated using member months documented in the Medicaid
8 managed care capitation rate certification for BH IDD tailored plans.
- 9 (5) The amount produced from multiplying 1.15 by the highest amount produced
10 when calculating, for each quarter that is at least two and not more than five
11 quarters prior to the current quarter, the actual nonfederal expenditures for the
12 applicable quarter minus the ~~HASP~~health advancement acute care hospital
13 HASP component calculated under G.S. 108A-147.6 for the applicable
14 quarter and minus the health advancement freestanding psychiatric hospital
15 HASP component calculated under G.S. 108A-147.6A for the applicable
16 quarter."

17 **SECTION 9E.11.(p)** G.S. 108A-147.6 reads as rewritten:

18 **"§ 108A-147.6. ~~HASP~~health-Health advancement acute care hospital HASP component.**

19 The ~~HASP~~health advancement acute care hospital HASP component is an amount of money
20 that is calculated by multiplying the aggregate amount of HASP directed payments due to PHPs
21 in the current quarter for ~~hospital~~reimbursements to acute care hospitals attributable to newly
22 eligible individuals by the nonfederal share for newly eligible individuals."

23 **SECTION 9E.11.(q)** Part 3 of Article 7B of Chapter 108A of the General Statutes
24 is amended by adding a new section to read:

25 **"§ 108A-147.6A. Health advancement freestanding psychiatric hospital HASP component.**

26 The health advancement freestanding psychiatric hospital HASP component is an amount of
27 money that is calculated by multiplying the aggregate amount of HASP directed payments due
28 to PHPs in the current quarter for reimbursements to freestanding psychiatric hospitals
29 attributable to newly eligible individuals by the nonfederal share for newly eligible individuals."

30 **SECTION 9E.11.(r)** G.S. 108A-147.11 reads as rewritten:

31 **"§ 108A-147.11. Health advancement reconciliation adjustment component.**

32 (a) The health advancement reconciliation adjustment component is a positive or
33 negative dollar amount equal to the actual nonfederal expenditures for the quarter that is two
34 quarters prior to the current quarter minus the sum of the following specified amounts:

- 35 (1) The presumptive service cost component calculated under G.S. 108A-147.5
36 for the quarter that is two quarters prior to the current quarter.
- 37 (2) The positive or negative gross premiums tax offset amount calculated under
38 G.S. 108A-147.12(b).
- 39 (3) The ~~HASP~~health advancement acute care hospital HASP component
40 calculated under G.S. 108A-147.6 for the quarter that is two quarters prior to
41 the current quarter.
- 42 (4) The health advancement freestanding psychiatric hospital HASP component
43 calculated under G.S. 108A-147.6A for the quarter that is two quarters prior
44 to the current quarter.

45 (b) The IGT share of the reconciliation adjustment component is a positive or negative
46 dollar amount that is calculated by multiplying the health advancement reconciliation adjustment
47 component calculated under subsection (a) of this section by the share of public hospital costs
48 calculated under subsection (c) of this section.

49 (c) The share of public hospital costs is calculated by adding total hospital costs for the
50 UNC Health Care System, total hospital costs for the primary affiliated teaching hospital for the
51 East Carolina University Brody School of Medicine, and sixty percent (60%) of the total hospital

costs for all public acute care hospitals and dividing that sum by the total hospital costs for all acute care hospitals except for critical access hospitals."

SECTION 9E.11.(s) Subsections (c) through (r) of this section are effective on the first day of the second assessment quarter after the date this act becomes law and apply to assessments imposed on or after that date. The remainder of this section is effective when it becomes law.

REDUCING USE OF INAPPROPRIATE SETTINGS FOR DELIVERY OF BEHAVIORAL HEALTH SERVICES

SECTION 9E.12.(a) Section 9D.22 of S.L. 2021-180, as amended by Section 9D.9 of S.L. 2022-74 and Section 9E.19 of S.L. 2023-134, expires July 1, 2024.

SECTION 9E.12.(b) No later than October 1, 2024, the Department of Health and Human Services (DHHS) shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on Medicaid on DHHS's recent efforts to address the issue of the inappropriate use of acute care hospital settings for the delivery of behavioral health services. The report shall include all of the following:

- (1) Actions DHHS has taken, and plans to take, during the 2023-2025 fiscal biennium to address this issue.
- (2) An analysis of any gaps that will remain once current plans are implemented, as well as any additional authority, resources, and funding needed to address those gaps.
- (3) Any impact, or anticipated impact, from the implementation of behavioral health and intellectual/developmental disabilities tailored plans on this issue.
- (4) The metrics DHHS uses and will use to measure the effectiveness of actions taken to address this issue.
- (5) Any measurable progress toward addressing this issue.

EXTENDING AND CLARIFYING PRIMARY CARE PAYMENT REFORM TASK FORCE

SECTION 9E.13. Section 9E.28 of S.L. 2023-134 reads as rewritten:

"SECTION 9E.28.(a) There is established the North Carolina Primary Care Payment Reform Task Force (Task Force) within the Department of Health and Human Services, Division of Health Benefits, for budgetary purposes only.

...

"SECTION 9E.28.(b) The Task Force established under subsection (a) of this section shall have the following duties:

- (1) Establish a definition of primary care to be utilized by the Task Force. This term should be applicable to services and care provided under the NC Medicaid program, the State Health Plan, and commercial insurance.
- (2) Conduct an actuarial evaluation of the current healthcare spend on primary care services, both as it relates to the NC Medicaid program and the commercial market, including Medicare Advantage plans.
- (3) Determine the adequacy of the primary care delivery system in North Carolina, including the impact this system has on the supply of the primary care providers in this State.
- (4) Study the primary care payment landscape in other states, specifically considering states that have implemented a minimum primary care spend.
- (5) Identify data collection and measurement systems to inform creation of a primary care investment target for the NC Medicaid program, the State Health Plan, and commercial insurance. This includes a method by which to measure improvements made toward that target.

- (5a) Collect and compile data and other information related to health care spend on primary care services. Within 30 days of a request for data or information from the Task Force, all entities shall comply with the Task Force's request.
- (6) Evaluate the need for a permanent Primary Care Payment Reform Task Force, or other similar entity, including which State agency or body is best suited to oversee the work of that group.
- (7) Perform any other studies, evaluations, or determinations the Task Force considers necessary.

"SECTION 9E.28.(b1) The Department of Health and Human Services shall develop, and the Task Force and the Department of Health and Human Services shall implement, a detailed data security and safeguarding plan for the data requested pursuant to subsection (b) of this section that includes all of the following:

- (1) Guidelines for authorizing access to the data, including guidelines for authentication of authorized access.
- (2) Privacy compliance standards.
- (3) Privacy and security audits.
- (4) Breach planning, notification, and procedures.
- (5) Data retention and disposition policies.
- (6) Data security policies, including electronic, physical, and administrative safeguards such as data encryption and training of employees.

"SECTION 9E.28.(b2) The data collected by the Task Force under subsection (b) of this section, regardless of where it is housed, shall not be considered a public record within the meaning of Chapter 132 of the General Statutes.

"SECTION 9E.28.(c) No later than April 1, 2024, and December 1, 2025, the Task Force shall submit a report with its findings and recommendations to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on Medicaid. These findings and recommendations shall include specific, concrete, and actionable steps to be undertaken by the State and upon which the General Assembly could act.

"SECTION 9E.28.(d) This section shall expire on May 1, 2024, 2026."

PART IX-F. HEALTH SERVICE REGULATION

DELAY EFFECTIVE DATE OF LAW REQUIRING SWORN LAW ENFORCEMENT OFFICERS TO BE PRESENT IN EMERGENCY DEPARTMENTS AND RELATED REPORTS

SECTION 9F.1. Section 8.1 of S.L. 2023-129 reads as rewritten:

"...

"SECTION 8.1.(c) Section 8.1(b) of this act becomes effective ~~October 1, 2024, October 1, 2025,~~ and the first report is due ~~October 1, 2025. October 1, 2026.~~ Section 8.1(b) of this act expires ~~October 30, 2030. October 30, 2031.~~

"SECTION 8.1.(d) By October 1, 2023, the Department of Health and Human Services shall notify all hospitals licensed under Article 5 of Chapter 131E of the General Statutes about the requirements of Part 3A of Article 5 of Chapter 131E of the General Statutes, including the reporting requirements required by G.S. 131E-88.2(a), as enacted by this section.

"SECTION 8.1.(e) The first data collection under G.S. 131E-88.2(a), as enacted by this section, shall occur on or before ~~September 1, 2025. September 1, 2026.~~ The first report required by G.S. 131E-88.2(c), as enacted by this section, is due on or before ~~December 1, 2025. December 1, 2026.~~

"SECTION 8.1.(f) Section 8.1(d) of this act is effective when it becomes law. The remainder of this section becomes effective ~~October 1, 2024. October 1, 2025.~~"

**PART IX-G. MENTAL HEALTH/DEVELOPMENTAL DISABILITIES/SUBSTANCE
USE SERVICES**

**ALLOW TRANSFER FOR SINGLE-STREAM FUNDING FOR FISCAL YEAR
2024-2025**

SECTION 9G.1. Section 9G.1 of S.L. 2023-134 is amended by adding a new subsection to read:

"SECTION 9G.1.(c) If, on or after June 1, 2025, the Office of State Budget Management (OSBM) certifies a Medicaid budget surplus and sufficient cash in Budget Code 14445 to meet total obligations for the 2024-2025 fiscal year, then DHB shall transfer to DMH/DD/SUS funds not to exceed the amount of the certified surplus or thirty million dollars (\$30,000,000), whichever is less, to be used for single-stream funding."

USE OF OPIOID SETTLEMENT FUNDS

SECTION 9G.2.(a) Section 9G.8 of S.L. 2023-134 reads as rewritten:

"SECTION 9G.8.(a) Definitions. – The following definitions apply in this section:

- (1) Department. – The Department of Health and Human Services.
- (2) Opioid Abatement Fund. – The Fund created by Section 9F.1 of S.L. 2021-180, as amended by Section 9F.1 of S.L. 2022-74.
- (3) Opioid Abatement Reserve. – The Reserve created by Section 9F.1 of S.L. 2021-180, as amended by Section 9F.1 of S.L. 2022-74.

"SECTION 9G.8.(b) Funds Transferred to the Board of Governors of The University of North Carolina. – The State Controller shall transfer from funds available in the Opioid Abatement Reserve to the Board of Governors of The University of North Carolina the sum of five million five hundred thousand dollars (\$5,500,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of five million five hundred thousand dollars (\$5,500,000) in nonrecurring funds for the 2024-2025 fiscal year. The funds transferred are appropriated for the fiscal year in which they are transferred for allocation to the University of North Carolina at Chapel Hill for the North Carolina Collaboratory to be used as follows:

- (1) Three hundred thousand dollars (\$300,000) in nonrecurring funds for the 2023-2024 fiscal year to conduct the study on judicially managed accountability and recovery courts authorized by Section 8.11 of this act.
- (2) Five million two hundred thousand dollars (\$5,200,000) in nonrecurring funds for the 2023-2024 fiscal year and five million five hundred thousand dollars (\$5,500,000) in nonrecurring funds for the 2024-2025 fiscal year to make grants available on a competitive basis prescribed by the North Carolina Collaboratory to each campus of the constituent institutions of The University of North Carolina for opioid abatement research and development projects.

"SECTION 9G.8.(c) Funds Transferred to the Department of Health and Human Services. – The State Controller shall transfer from funds available in the Opioid Abatement Reserve to the Opioid Abatement Fund the sum of three million six hundred ninety-two thousand four hundred sixty-one dollars (\$3,692,461) in nonrecurring funds for the 2023-2024 fiscal year and the sum of ~~four million four hundred seventy-eight thousand four hundred sixty-two dollars (\$4,478,462)~~ forty-one million one hundred sixty-eight thousand eight hundred twelve dollars (\$41,168,812) in nonrecurring funds for the 2024-2025 fiscal year. The funds transferred are appropriated for the fiscal year in which they are transferred to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services, ~~Services (DMH/DD/SUS),~~ to be allocated and used as follows:

- (1) The sum of three million six hundred ninety-two thousand four hundred sixty-one dollars (\$3,692,461) in nonrecurring funds for the 2023-2024 fiscal year and the sum of thirty-five million eighteen thousand eight hundred twelve

dollars (\$35,018,812) for the 2024-2025 fiscal year to be used to award
directed grants according to the following schedule:

	Name of Recipient Entity	2023-2024	2024-2025
(1)	Addiction Professionals of North Carolina, Inc.	\$200,000	\$0
(2)	Adult & Teen Challenge of Sandhills, North Carolina	\$0	\$78,462
	<u>Ashe County</u>	\$0	\$700,000
	<u>Bertie County</u>	\$0	\$1,000,000
	<u>Bethel Colony of Mercy, Inc.</u>	\$0	\$700,000
	<u>Bladen County</u>	\$0	\$1,000,000
(3)	Bridge to Recovery, Inc.	\$1,000,000	\$0
	<u>Brunswick County</u>	\$0	\$1,000,000
	<u>Camden County</u>	\$0	\$1,000,000
	<u>Charlotte Rescue Mission</u>	\$0	\$1,000,000
	<u>Chowan County</u>	\$0	\$1,000,000
	<u>Christian Recovery Centers, Inc.</u>	\$0	\$1,400,000
(4)	Clay County	\$0	\$1,000,000
(5)	Columbus Regional Healthcare System	\$0	\$1,400,000
	<u>Dare County</u>	\$0	\$1,000,000
	<u>Duplin County</u>	\$0	\$1,000,000
(6)	Freedom Farm Ministries	\$950,000	\$0
	<u>Freedom House</u>	\$0	\$500,000
	<u>Gateway of Hope Addiction Recovery Center</u>	\$0	\$20,175
	<u>Graham County</u>	\$0	\$900,000
(7)	Ground 40 Ministries	\$750,000	\$0
	<u>Halifax County</u>	\$0	\$1,000,000
	<u>Henderson County</u>	\$0	\$1,000,000
	<u>Hyde County</u>	\$0	\$1,000,000
	<u>Jones County</u>	\$0	\$500,000
	<u>Lenoir County</u>	\$0	\$1,000,000
	<u>Macon County</u>	\$0	\$500,000
	<u>Montgomery County</u>		\$1,500,000
	<u>Multiply Church Global</u>	\$0	\$500,000
	<u>New Hanover County</u>	\$0	\$1,000,000
	<u>New Life Christian Ministries of the Carolinas, Inc.</u>	\$0	\$300,000
	<u>North Carolina Association for the Treatment of</u>		
	<u>Opioid Dependence</u>	\$0	\$500,000
	<u>North Carolina Association of Pharmacists</u>	\$0	\$1,000,000
	<u>Northampton County</u>	\$0	\$1,000,000
	<u>Onslow County</u>	\$0	\$1,000,000
(8)	Pamlico County	\$0	\$1,000,000
	<u>Pasquotank County</u>	\$0	\$500,000
	<u>Pender County</u>	\$0	\$1,000,000
	<u>Rockingham County</u>	\$0	\$1,000,000
(9)	Safer Communities Ministry, Inc.	\$400,000	\$0
	<u>Teen Challenge North Carolina Adolescent Program</u>	\$0	\$500,000
(10)	The Samaritan Colony, Inc.	\$300,000	\$0
(11)	Solus Christus	\$92,461	\$0
	<u>Stokes County</u>	\$0	\$1,000,000
(12)	Surry County	\$0	\$1,000,000

1	<u>Tyrrell County</u>	<u>\$0</u>	<u>\$1,000,000</u>
2	<u>Washington County</u>	<u>\$0</u>	<u>\$1,000,000</u>
3	<u>Will's Place, Inc.</u>	<u>\$0</u>	<u>\$20,175</u>

4 (2) The sum of one million one hundred fifty thousand dollars (\$1,150,000) in
5 nonrecurring funds for the 2024-2025 fiscal year to be used to fund
6 remediation programs, services, and activities the DMH/DD/SUS deems
7 necessary to respond to the negative impacts of the opioid epidemic within the
8 State. In addition, and notwithstanding Section 9F.1(c)(1)a. of S.L. 2022-74,
9 the Committee Report described in Section 43.2 of that act, or any other
10 provision of law to the contrary, the sum of one million eight hundred fifty
11 thousand dollars (\$1,850,000) in nonrecurring funds appropriated to the
12 DMH/DD/SUS for the 2022-2023 fiscal year for the Prescription Digital
13 Therapeutics Pilot Program authorized by Section 9F.2 of S.L. 2022-74 shall
14 instead be used to fund remediation programs, services, and activities the
15 DMH/DD/SUS deems necessary to respond to the negative impacts of the
16 opioid epidemic within the State. The Department of Health and Human
17 Services may use the funds allocated by this subdivision to (i) award directed
18 grants, (ii) transfer funds to other divisions within the Department of Health
19 and Human Services in the amounts and for the programs, services, and
20 activities the Department of Health and Human Services deems necessary, or
21 (iii) a combination of these options as long as any directed grants, programs,
22 services, and activities funded by this subdivision are consistent with the
23 purposes specified in this subdivision.

24 (3) The sum of three hundred forty thousand dollars (\$340,000) in nonrecurring
25 funds for the 2024-2025 fiscal year to be used to purchase opioid antagonist
26 nasal spray for local health departments. Local health departments shall
27 distribute the opioid antagonist nasal spray funded by this subdivision to
28 public school units. Once all public school units have received an initial
29 supply of opioid antagonist nasal spray, any remaining funds allocated by this
30 subdivision shall be used to purchase an additional supply of opioid antagonist
31 nasal spray for local health departments to distribute to public school units
32 that have used their initial supply. As used in this subdivision, the term "opioid
33 antagonist nasal spray" means a disposable drug delivery system that disperses
34 a solution of opioid antagonist, as defined in G.S. 90-12.7, into the respiratory
35 system through the nose to provide rapid, critical first aid for persons suffering
36 a potentially fatal opioid or fentanyl emergency. The Department of Health
37 and Human Services may transfer these allocated funds to the Division of
38 Public Health to be used as specified in this subdivision.

39 (4) The sum of four million six hundred sixty thousand dollars (\$4,660,000) in
40 nonrecurring funds to be transferred to the Division of Public Health to be
41 used as follows:

42 a. The sum of three million six hundred sixty thousand dollars
43 (\$3,660,000) in nonrecurring funds shall be used to purchase units of
44 opioid antagonist, as defined in G.S. 90-12.7, to be distributed free of
45 charge statewide, prioritizing counties located in rural or underserved
46 areas and law enforcement agencies serving those areas.

47 b. The sum of one million dollars (\$1,000,000) in nonrecurring funds
48 shall be used to purchase units of long-acting injectable opioid
49 antagonist, as defined in G.S. 90-12.7, to be distributed free of charge
50 statewide to EMS providers licensed under G.S. 131E 155.1.

"SECTION 9G.8.(c1) Funds Transferred to the Department of Adult Correction. – The State Controller shall transfer from funds available in the Opioid Abatement Reserve to the Department of Adult Correction the sum of four million dollars (\$4,000,000) in nonrecurring funds for the 2024-2025 fiscal year. The funds transferred are appropriated for the fiscal year in which they are transferred to be used to expand the use of medication-assisted treatment for opioid use disorder in correctional institutions.

"SECTION 9G.8.(d) Limitation on the Use of Funds. – Recipients of funds allocated under subsection (c) of this section shall not use these funds for any purpose other than to fund opioid remediation programs, services, and activities to respond to the negative impacts of the opioid epidemic within the State of North Carolina.

"SECTION 9G.8.(e) Reports on the Use of Funds. – By September 1, 2024, recipients of funds allocated under subsection (c) of this section for the 2023-2024 fiscal year, and by September 1, 2025, recipients of directed grant funds allocated under subsection (c) of this section for the 2024-2025 fiscal year shall report to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services; the Joint Legislative Oversight Committee on Health and Human Services; and the Fiscal Research Division on the use of these allocated funds. The report shall include at least all of the following for each recipient:

- (1) An itemized list of expenditures.
- (2) The types of opioid remediation programs, services, and activities funded, broken down by geographic location and the number of people served at each location."

SECTION 9G.2.(b) In the event that the Department of Health and Human Services is unable to begin disbursement of all of the directed grant funds authorized for the 2024-2025 fiscal year by Section 9G.8(c) of S.L. 2023-134, as amended by this section, within the time frame specified in Section 5.3 of this act due to the unavailability of funds in the Opioid Abatement Fund, the Department of Health and Human Services shall, within the availability of funds in the Opioid Abatement Fund, begin disbursement of as many directed grant funds as possible within the time frame specified in Section 5.3 of this act. As additional funds are deposited into the Opioid Abatement Fund, the Department of Health and Human Services shall begin disbursement of as many additional directed grant funds as possible given the availability of funds in the Opioid Abatement Fund no later than 30 days after each additional deposit.

SECTION 9G.2.(c) Effective retroactively to July 1, 2021, and notwithstanding any other provision of law to the contrary, funds received by the State (i) as a result of a settlement, as defined in G.S. 114-2.4A, relating to claims regarding the manufacturing, marketing, distribution, dispensing, or sale of opioids or (ii) as a beneficiary of a confirmation order by a bankruptcy court relating to claims regarding the manufacturing, marketing, distribution, dispensing, or sale of opioids do not constitute State funds for the purpose of determining whether a facility is excluded from licensure under G.S. 122C-22(a)(11).

SECTION 9G.2.(d) Section 9F.2 of S.L. 2022-74 is repealed.

PART IX-H. PUBLIC HEALTH

EXTENSION OF GRANT PERIOD FOR COMPETITIVE GRANTS AWARDED TO LOCAL HEALTH DEPARTMENTS 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:

...

- (4) Allows grants to be awarded to local health departments for up to ~~two~~ three years."

REPORT ON RECOMMENDATIONS FOR A PLAN TO IMPROVE MATERNAL AND INFANT LEVELS OF CARE IN NORTH CAROLINA

SECTION 9H.2. By April 1, 2025, the Department of Health and Human Services, Division of Public Health, shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on recommendations for a plan to establish maternal levels of care and to update neonatal levels of care to reduce maternal and infant mortality rates within the State. The plan recommendations shall be consistent with guidelines endorsed by the American College of Obstetricians and Gynecologists, the Society for Maternal-Fetal Medicine, the American Academy of Pediatrics, the United States Centers for Disease Control and Prevention, and the Association of Women's Health, Obstetric and Neonatal Nurses. In developing these plan recommendations, the Department of Health and Human Services, Division of Public Health, shall consult with maternal and infant health stakeholders in North Carolina, including the North Carolina Healthcare Association, the North Carolina Obstetrical and Gynecological Society, the North Carolina Pediatric Society, the North Carolina Academy of Family Physicians, the North Carolina Institute of Medicine, other organizations with expertise in this area, and individuals with lived experience.

MODERNIZATION OF LOCAL HEALTH DIRECTOR QUALIFICATIONS

SECTION 9H.4.(a) G.S. 130A-40 reads as rewritten:

"§ 130A-40. Appointment of local health director.

(a) A local board of health, after consulting with the appropriate county board or boards of commissioners, shall appoint a local health director. All persons who are appointed to the position of local health director ~~on or after January 1, 1992,~~ must possess at least one of the following described minimum education and experience requirements for that ~~position,~~ as follows: position:

- (1) A medical ~~doctorate;~~ doctorate.
- (2) A masters degree in ~~Public Health Administration,~~ public health administration, and at least one year of employment experience in health programs or health ~~services;~~ services.
- (3) A masters degree in a public health discipline other than public health administration, and at least three years of employment experience in health programs or health ~~services;~~ services.
- (4) A masters degree in public administration, and at least two years of experience in health programs or health ~~services;~~ services.
- (5) A masters degree in a field related to public health, and at least three years of experience in health programs or health ~~services;~~ services.
- (6) A bachelors degree in a field related to public health administration or public administration and at least ~~three~~ seven years of experience in health programs or health ~~services.~~ services, of which at least three years includes supervisory experience.

(b) Before appointing a person to the position of local health director under ~~subsection~~ subdivision (a)(5) or (a)(6) of this section, the local board of health shall forward the application and other pertinent materials of such candidate to the State Health Director. If the State Health Director determines that the candidate's ~~masters~~ degree is in a field not related to public health, the State Health Director shall so notify the local board of health in writing within 15 days ~~of~~ after the State Health Director's receipt of the application and materials, and such candidate shall be deemed not to meet the education requirements of ~~subsection~~ subdivision (a)(5) or (a)(6) of this section. If the State Health Director fails to act upon the application within 15 days ~~of~~ after

receipt of the application and materials from the local board of health, the application shall be deemed approved with respect to the education requirements of ~~subsection-subdivision~~ (a)(5) or (a)(6) of this section, and the local board of health may proceed with the appointment process.

(c) The State Health Director shall review requests of educational institutions to determine whether a particular ~~masters~~-degree offered by the requesting institution is related to public health for the purposes of ~~subsection-subdivision~~ (a)(5) or (a)(6) of this section. The State Health Director shall act upon such requests within 90 days ~~of~~ after receipt of the request and pertinent materials from the institution, and shall notify the institution of its determination in writing within the 90-day review period. If the State Health Director determines that an institution's particular ~~masters~~-degree is not related to public health, the State Health Director shall include the reasons therefor in ~~his~~ the written determination to the institution.

(d) When a local board of health fails to appoint a local health director within 60 days ~~of~~ after the creation of a vacancy, the State Health Director may appoint a local health director to serve until the local board of health appoints a local health director in accordance with this section."

SECTION 9H.4.(b) This section becomes effective July 1, 2024, and applies to all persons appointed to the position of local health director on or after that date.

STATEWIDE CONTINUUM OF CARE PROGRAM

SECTION 9H.5.(a) Of the funds appropriated in this act from the General Fund to the Department of Health and Human Services, Division of Public Health, for the 2024-2025 fiscal year, the sum of one million seven hundred thousand dollars (\$1,700,000) in nonrecurring funds shall be allocated as a directed grant to the Human Coalition, a nonprofit organization, to fund operation of the Human Coalition's statewide Continuum of Care Program, as expanded pursuant to Section 9G.6 of S.L. 2021-180. These funds are in addition to the ARPA Temporary Savings Fund funds appropriated for this program for the 2024-2025 fiscal year in Section 9H.12 of S.L. 2023-134 and shall be used for nonreligious, nonsectarian purposes only.

SECTION 9H.5.(b) The Human Coalition may use up to ten percent (10%) of these allocated funds for administrative purposes.

SECTION 9H.5.(c) The Human Coalition shall include information pertaining to its use of these allocated funds in the reports due under Section 9H.12(c) of S.L. 2023-134.

MODIFIED USE OF STATE FISCAL RECOVERY FUNDS FOR LEAD AND ASBESTOS REMEDIATION PROGRAMS TO BENEFIT PUBLIC SCHOOL UNITS AND CHILD CARE FACILITIES

SECTION 9H.6.(a) Section 9G.8 of S.L. 2021-180 reads as rewritten:

"SECTION 9G.8.(a) Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Health and Human Services, Division of Public Health, the sum of one hundred fifty million dollars (\$150,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated and used as follows for lead and asbestos remediation and abatement programs to benefit public school units and child care facilities:

- (1) ~~\$32,812,500 in nonrecurring funds shall be used to~~ To fund a voluntary program for the testing and remediation of lead levels in drinking water at participating public school units and child care facilities. As part of this program, participating public school units shall be required to test for lead levels in drinking water at their facilities, to the extent feasible and practical, following the same model for testing conducted in child care facilities pursuant to 15A NCAC 18A .2816. In addition, the program shall include at least the following components:

- a. The Department of Health and Human Services (DHHS) and the Department of Public Instruction (DPI) shall develop a mechanism for

- 1 providing funding on a reimbursement basis for (i) the testing and
2 mitigation of lead in drinking water that meets the lead poisoning
3 hazard level, as set forth in G.S. 130A-131.7, that is identified in
4 public school units and child care facilities, ~~including and (ii) the~~
5 replacement of service lines, pipes, and fixtures, as needed, or ~~for the~~
6 installation of filters at affected faucets within public school units and
7 child care facilities that test positive for lead in drinking water.
8 Reimbursement under the program is contingent upon the participating
9 public school unit or child care facility submitting to the DHHS or
10 DPI, as appropriate, an invoice signed by one of its representatives as
11 verification that the invoice accurately reflects the work completed.
12 b. ~~The Commission for Public Health, Child Care Commission, and State~~
13 ~~Board of Education shall adopt rules as necessary to implement this~~
14 ~~subdivision.~~
15 (2) ~~\$117,187,500 in nonrecurring funds shall be used to~~ To fund a voluntary
16 program for lead paint abatement and asbestos abatement in public school
17 units and child care facilities. As part of the program, participating public
18 school units and child care facilities shall be required to conduct inspections
19 for lead paint and asbestos hazards in their facilities. The program shall
20 include at least the following components:
21 a. DHHS and DPI shall develop a mechanism for providing funding on
22 a reimbursement basis for lead paint abatement, asbestos inspection
23 and abatement, or ~~both both~~, in public school units and child care
24 facilities; provided, however, that the following conditions are met:
25 1. A professional accredited in accordance with G.S. 130A-447
26 or certified in accordance with G.S. 130A-453.03 determines
27 that action must be taken in response to an inspection report.
28 2. Lead paint, asbestos, or both are detected as part of an
29 inspection or as part of a capital, renovation, or repair project
30 that meets the lead-based paint hazard level, as set forth in
31 G.S. 130A-131.7, or that meets the definition of asbestos
32 containing material, as set forth in G.S. 130A-444. Capital
33 projects may include HVAC, window, or other ventilation
34 projects related to COVID-19 mitigation, or other capital,
35 renovation, or repair ~~projects undertaken during calendar years~~
36 ~~2021 through 2024 projects.~~
37 3. Reimbursement under the program is contingent upon the
38 participating public school unit or child care facility submitting
39 to the DHHS or DPI, as appropriate, an invoice signed by one
40 of its representatives as verification that the invoice accurately
41 reflects the work completed.
42 b. A requirement that public school unit recipients of funds allocated
43 under this subdivision shall provide matching funds in the amount of
44 one dollar (\$1.00) of local funds for every two dollars (\$2.00) of State
45 funds. This requirement does not apply to any public school unit
46 located in a low-wealth county, defined as a county in which one or
47 more local school administrative units was a recipient of supplemental
48 school funding allocated pursuant to G.S. 115C-472.22 for the
49 2021-2022 fiscal year. The DHHS shall reimburse any public school
50 unit located in a low-wealth county for the cost of any matching funds
51 paid pursuant to this sub-subdivision.

e. ~~The Commission for Public Health, Child Care Commission, and State Board of Education shall adopt rules as needed to implement this subdivision.~~

"SECTION 9G.8.(b) The Department of Health and Human Services, Division of Public Health (DPH), shall serve as the lead agency responsible for administering the programs authorized by subsection (a) of this section. In serving in this capacity, the DPH shall collaborate with (i) the Department of Public Instruction regarding administration of these programs for the benefit of public school units and charter schools and (ii) its Division of Child Development and Early Education regarding administration of these programs for the benefit of child care facilities. The DPH shall transfer funds to the Department of Public Instruction and to the Division of Child Development and Early Education as in the amounts necessary to accomplish the goals of these programs in an efficient and cost-effective manner.

...."

SECTION 9H.6.(b) This section becomes effective July 1, 2024, and applies to all remaining unspent State Fiscal Recovery Fund funds appropriated to the Department of Health and Human Services, Division of Public Health, for the 2021-2022 fiscal year for the lead and asbestos remediation programs authorized by Section 9G.8 of S.L. 2021-180, as amended.

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

AMEND CONTRACT PERIOD FOR THE PROVISION OF TELECOMMUNICATIONS RELAY SERVICE

SECTION 9I.1.(a) G.S. 62-157(e) reads as rewritten:

"(e) Administration of Service. – The Department of Health and Human Services shall administer the statewide telecommunications relay service program, including its establishment, operation, and promotion. The Department may contract out the provision of this service for four-year periods as determined by the Department to one or more service providers, using the provisions of G.S. 143-129. The Department shall administer all programs and services, including the Regional Resource Centers within the Division of Services for the Deaf and the Hard of Hearing in accordance with G.S. 143B-216.33, G.S. 143B-216.34, and Chapter 8B of the General Statutes."

SECTION 9I.1.(b) To provide for flexibility in contract administration, the Department of Health and Human Services, Division of Services for the Deaf and the Hard of Hearing, may contract out the provision of telecommunications relay service in accordance with G.S. 62-157(e), as enacted by subsection (a) of this section, for a one-year period, with options to renew the contract period for two additional years in one-year increments.

PART IX-J. SOCIAL SERVICES

FOSTER CARE TRAUMA-INFORMED ASSESSMENT CORRECTIONS

SECTION 9J.1.(a) Section 9J.12(c) of S.L. 2023-134 reads as rewritten:

"SECTION 9J.12.(c) Plan Development. – In developing the trauma-informed, standardized assessment, the partnership shall develop a rollout plan with a goal of implementing the trauma-informed, standardized assessment statewide in all 100 counties. The rollout plan shall include all of the following:

- (1) The development of the trauma-informed, standardized assessment template by ~~March 31, 2024~~, September 30, 2024.
- (2) The finalized trauma-informed, standardized assessment template by ~~September 30, 2024~~, March 31, 2025, including the standardized training curriculum, methodology for training, the selection of a vendor to manage and

1 conduct the training and determine the process for the statewide rollout, and
2 coordination with tribal jurisdictions.

- 3 (3) The phased-in approach of the trauma-informed, standardized assessment
4 beginning on ~~October 1, 2024~~, April 1, 2025, and operating statewide by
5 ~~September 30, 2025~~, March 31, 2026.

6"

7 **SECTION 9J.1.(b)** Section 9J.12(d) of S.L. 2023-134 reads as rewritten:

8 "SECTION 9J.12.(d) Guidelines. – In developing the trauma-informed, standardized
9 assessment and the rollout plan, the Department of Health and Human Services shall ensure the
10 trauma-informed, standardized assessment does, at a minimum, all of the following:

- 11 (1) That juveniles between the ages of 4 and 17 being placed into foster care
12 receive a trauma-informed, standardized assessment within 10 working days
13 of their referral.
14 (2) That each juvenile who is included in any Medicaid children and families
15 specialty plan, regardless of their type of placement, receives a
16 trauma-informed, standardized ~~assessment~~, assessment, provided that parent
17 consent has been obtained when required.
18 (3) That each trauma-informed, standardized assessment may be administered in
19 a face-to-face or telehealth encounter.
20 (4) That the county department of social services makes the referral for a
21 trauma-informed, standardized assessment within five working days of a
22 determination of abuse or neglect of the juvenile in accordance with
23 ~~G.S. 7B-302~~, G.S. 7B-302 for children in foster care or within five working
24 days of obtaining parental consent for children who are at risk for entry into
25 foster care.
26 (5) ~~After obtaining parental consent, that~~ That a juvenile is able to receive a
27 trauma-informed, standardized assessment if the county department of social
28 services (i) makes the determination that the juvenile is at ~~imminent~~-risk for
29 entry into foster ~~care~~, care and (ii) obtains parental consent.
30 (6) Allows for individuals between the ages of 18 and 21 to receive an assessment,
31 if necessary.
32 (7) Provides an evidence-informed and standardized template and content for the
33 assessment.
34 (8) In the event the juvenile has an assigned care manager under the Medicaid
35 program, that the responsible care management entity is notified of the referral
36 for the assessment and to whom."

37 **SECTION 9J.1.(c)** This section is effective retroactively to July 1, 2023.

38
39 **PART IX-K. EMPLOYMENT AND INDEPENDENCE FOR PEOPLE WITH**
40 **DISABILITIES [RESERVED]**

41
42 **PART IX-L. HHS MISCELLANEOUS**

43
44 **CLINICAL MENTAL HEALTH COUNSELOR ACCREDITATION EXTENSION**

45 **SECTION 9L.1.(a)** G.S. 90-336 reads as rewritten:

46 **"§ 90-336. Title and qualifications for licensure.**

47 (a) Each person desiring to be a licensed clinical mental health counselor associate,
48 licensed clinical mental health counselor, or licensed clinical mental health counselor supervisor
49 shall make application to the Board upon such forms and in such manner as the Board shall
50 prescribe, together with the required application fee.

51 ...

(b2) The Board shall issue a license as a "licensed clinical mental health counselor associate" to an applicant who applies on or after July 1, 2022, and meets all of the following criteria:

- (1) Has earned a minimum of 60 semester hours or 90 quarter hours of graduate training as defined by the Board, including a master's degree in counseling or related field from either (i) an institution of higher education that is accredited by the Council for Accreditation of Counseling and Related Educational Programs, Programs or (ii) the University of Mount Olive.

- (2) Has passed an examination in accordance with rules adopted by the Board.

(c) The Board shall issue a license as a "licensed clinical mental health counselor" to an applicant who meets all of the following criteria:

- (1) Has met all of the requirements under subsection (b), (b1), or (b2) of this section, as applicable.
- (2) Has completed a minimum of 3,000 hours of supervised clinical mental health practice as determined by the Board.

...."

SECTION 9L.1.(b) Subsection (a) of this section is retroactively effective on July 1, 2022, and applies to applications for licensure as a licensed clinical mental health counselor associate and a licensed clinical mental health counselor filed on or after that date. Subsection (a) of this section expires on July 2, 2025. The remainder of this section is effective when it becomes law.

PART IX-M. DHHS BLOCK GRANTS

REVISE DHHS BLOCK GRANTS

SECTION 9M.1. Section 9M.1 of S.L. 2023-134, as amended by Section 3.8 of S.L. 2024-1, reads as rewritten:

"SECTION 9M.1.(a) Except as otherwise provided, appropriations from federal Block Grant funds are made for each year of the fiscal biennium ending June 30, 2025, according to the following schedule:

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS	FY 2023-2024	FY 2024-2025
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Local Program Expenditures

Division of Social Services

01. Work First Family Assistance	\$31,328,255	\$31,259,794
02. Work First County Block Grants	80,093,566	80,093,566
03. Work First Electing Counties	2,378,213	2,378,213
04. Adoption Services – Special Children Adoption Fund	4,001,676	4,001,676
05. Child Protective Services – Child Welfare Workers for Local DSS	11,387,190	11,387,190

1	06. Child Welfare Program Improvement Plan	775,176	775,176
2			
3	07. Child Welfare Collaborative	400,000	400,000
4			
5	08. Child Welfare Initiatives	1,400,000	1,400,000
6			
7	Division of Child Development and Early Education		
8			
9	09. Subsidized Child Care Program	45,813,694	45,813,694
10			<u>52,316,626</u>
11			
12	10. Swap-Child Care Subsidy	12,600,000	12,600,000
13			
14	11. NC Pre-K Services	68,300,000	68,300,000
15			
16	Division of Public Health		
17			
18	12. Teen Pregnancy Prevention Initiatives	3,538,541	3,538,541
19			
20	DHHS Administration		
21			
22	13. Division of Social Services	2,478,284	2,478,284
23			
24	14. Division of Child and Family Well-Being	3,976	3,976
25			
26	15. Office of the Secretary	34,042	34,042
27			
28	16. Eligibility Systems – Operations and		
29	Maintenance	431,733	431,733
30			
31	17. NC FAST Implementation	428,239	428,239
32			
33	18. Division of Social Services – Workforce		
34	Innovation & Opportunity Act (WIOA)	93,216	93,216
35			
36	19. Division of Social Services TANF Modernization	1,667,571	1,667,571
37			
38	Transfers to Other Block Grants		
39			
40	Division of Child Development and Early Education		
41			
42	20. Transfer to the Child Care and		
43	Development Fund	21,773,001	21,773,001
44			
45	Division of Social Services		
46			
47	21. Transfer to Social Services Block		
48	Grant for Child Protective Services –		
49	Training	285,612	285,612
50			
51	22. Transfer to Social Services Block		

1	Grant for Child Protective Services	5,040,000	5,040,000
2			
3	23. Transfer to Social Services Block		
4	Grant for County Departments of		
5	Social Services for Children's Services	13,097,783	13,166,244
6			
7	24. Transfer to Social Services Block		
8	Grant – Foster Care Services	3,422,219	3,422,219
9			
10	25. Transfer to Social Services Block	1,582,000	1,582,000
11	Grant – Child Advocacy Centers		
12			
13	TOTAL TEMPORARY ASSISTANCE FOR		
14	NEEDY FAMILIES (TANF) FUNDS	\$312,353,987	<u>\$312,353,987</u>
15			<u>\$318,856,919</u>
16			
17	TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)		
18	EMERGENCY CONTINGENCY FUNDS		
19			
20	Local Program Expenditures		
21			
22	Division of Child Development and Early Education		
23			
24	01. Subsidized Child Care	\$34,440,000	\$35,440,000
25			
26	TOTAL TEMPORARY ASSISTANCE FOR		
27	NEEDY FAMILIES (TANF) EMERGENCY		
28	CONTINGENCY FUNDS	\$34,440,000	\$35,440,000
29			
30	SOCIAL SERVICES BLOCK GRANT		
31			
32	Local Program Expenditures		
33			
34	Divisions of Social Services and Aging and Adult Services		
35			
36	01. County Departments of Social Services	\$19,905,849	\$19,837,388
37			
38	02. County Departments of Social Services		
39	(Transfer From TANF)	13,097,783	13,166,244
40			
41	03. EBCI Tribal Public Health and Human Services	244,740	244,740
42			
43	04. Child Protective Services		
44	(Transfer From TANF)	5,040,000	5,040,000
45			
46	05. State In-Home Services Fund	1,943,950	1,943,950
47			
48	06. Adult Protective Services	2,138,404	<u>2,138,404</u>
49			<u>4,936,015</u>
50			
51	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 Oversight	3,880,429	~~3,880,429~~ <u>4,011,381</u>
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Division of Health Service Regulation

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

Division of Aging and Adult Services

1			
2	19. Guardianship	3,825,443	3,825,443
3			
4	DHHS Administration		
5			
6	20. Division of Aging and Adult Services	743,284	743,284
7			<u>763,113</u>
8			
9	21. Division of Social Services	1,042,894	1,042,894
10			<u>1,060,787</u>
11			
12	22. Office of the Secretary/Controller's Office	639,167	639,167
13			<u>649,695</u>
14			
15	23. Legislative Increases/Fringe Benefits	293,655	587,310
16			
17	24. Division of Child Development and		
18	Early Education	13,878	13,878
19			
20	25. Division of Mental Health, Developmental		
21	Disabilities, and Substance Use Services	28,325	28,325
22			
23	26. Division of Health Service Regulation	258,960	~~258,960~~
24			<u>347,721</u>
25			
26	TOTAL SOCIAL SERVICES BLOCK GRANT	\$75,992,579	~~\$76,286,234~~
27			<u>\$79,351,808</u>
28			
29	LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT		
30			
31	Local Program Expenditures		
32			
33	Division of Social Services		
34			
35	01. Low-Income Energy Assistance		
36	Program (LIEAP)	\$67,836,069	~~\$67,836,069~~
37			<u>\$50,316,347</u>
38			
39	02. Crisis Intervention Program (CIP)	45,214,330	45,214,330
40			<u>38,699,719</u>
41			
42	Local Administration		
43			
44	Division of Social Services		
45			
46	03. County DSS Administration	8,789,246	8,789,246
47			<u>6,989,469</u>
48			
49	DHHS Administration		
50			
51	Division of Social Services		

1			
2	04. Administration	10,000	~~10,000~~
3			<u>6,500</u>
4			
5	05. Energy Portal (FIS Transaction Fees)	25,000	25,000
6			
7	Division of Central Management and Support		
8			
9	06. Office of the Secretary/Division of Information Resource		
10	Management (DIRM) (Accountable Results for		
11	Community Action (AR4CA) Replacement System)	166,750	166,750
12			
13	07. Office of the Secretary/DIRM	278,954	278,954
14			
15	08. Office of the Secretary/Controller's Office	18,378	18,378
16			
17	09. NC FAST Development	627,869	627,869
18			
19	10. NC FAST Operations and Maintenance	1,330,323	~~1,330,323~~
20			<u>1,830,000</u>
21			
22	Transfers to Other State Agencies		
23			
24	Department of Environmental Quality		
25			
26	11. Weatherization Program	13,220,309	~~13,220,309~~
27			<u>5,527,117</u>
28			
29	12. Heating Air Repair and Replacement		
30	Program (HARRP)	8,075,029	~~8,075,029~~
31			<u>3,375,990</u>
32			
33	13. Local Residential Energy Efficiency Service		
34	Providers – Weatherization	787,097	~~787,097~~
35			<u>329,068</u>
36			
37	14. Local Residential Energy Efficiency Service		
38	Providers – HARRP	437,276	~~437,276~~
39			<u>182,815</u>
40			
41	15. DEQ – Weatherization Administration	859,976	~~859,976~~
42			<u>359,537</u>
43			
44	16. DEQ – HARRP Administration	539,307	~~539,307~~
45			<u>225,472</u>
46			
47	Department of Administration		
48			
49	17. N.C. Commission on Indian Affairs	87,736	87,736
50			
51	TOTAL LOW-INCOME ENERGY		

ASSISTANCE BLOCK GRANT**\$148,303,649****\$148,303,649****\$109,046,721****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\$282,567,140

02. Smart Start Subsidy

7,392,654

7,392,654

03. Transfer from TANF Block Grant
for Child Care Subsidies

21,773,001

21,773,001

04. Quality and Availability Initiatives
(TEACH Program \$3,800,000)

61,980,526

61,980,52687,479,448**DHHS Administration****Division of Child Development and Early Education**

05. DCDEE Administrative Expenses

9,710,886

9,710,886

06. Indirect Cost

7,346

7,346

Division of Social Services

07. Direct Deposit for Child Care Payments

5,000

5,000

08. Local Subsidized Child Care
Services Support

18,780,355

18,780,355

Division of Central Management and Support

09. NC FAST Operations and Maintenance

1,450,316

1,450,316

10. DHHS Central Administration – DIRM
Technical Services

979,762

979,7621,006,100

11. DHHS Central Administration

68,000

68,000

Division of Child and Family Well-Being

12. Child Care Health Consultation Contracts

62,205

62,205

TOTAL CHILD CARE AND DEVELOPMENT**FUND BLOCK GRANT****\$411,280,123****\$411,280,123****\$430,302,451****COMMUNITY MENTAL HEALTH SERVICES BLOCK GRANT****Local Program Expenditures**

01. Mental Health Services – Child

\$2,477,666

\$2,477,666

02. Mental Health Services – Adult/Child

19,690,452

~~19,690,452~~21,545,67803. Mental Health Services – First
Psychotic Symptom Treatment

5,416,756

5,416,756

04. Child Behavioral Health (Division of Child
and Family Well-Being)

5,246,350

5,246,350

DHHS Administration**Division of Child and Family Well-Being**

05. Administration

140,000

140,000

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

06. Crisis Services

2,877,047

2,877,047

07. Administration

332,351

332,351

08. Adult/Child Mental Health Services

350,150

350,150

Division of Public Health

09. NC Detect – Behavioral Health ER

35,000

35,000

TOTAL COMMUNITY MENTAL HEALTH SERVICES**BLOCK GRANT****\$36,565,772****~~\$36,565,772~~****\$38,420,998****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~~2,315,700

02. Substance Abuse Prevention	20,245,927	<u>20,245,927</u>
		<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	<u>45,176,848</u> <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	<u>2,297,852</u> <u>3,275,252</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	<u>\$11,321,889</u> <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
--

1	Initiatives \$650,000; Perinatal & Neonatal Outreach		
2	Coordinator Contracts \$440,000; Mountain Area		
3	Pregnancy Services \$50,000)	3,609,392	<u>3,609,392</u>
4			<u>4,538,805</u>
5			
6	03. Oral Health	51,119	<u>51,119</u>
7			<u>53,009</u>
8			
9	04. Evidence-Based Programs in Counties		
10	With the Highest Infant Mortality Rates	1,727,307	1,727,307
11			
12	DHHS Program Expenditures		
13			
14	05. Children's Health Services	1,344,492	<u>1,344,492</u>
15			<u>1,304,025</u>
16			
17	06. Women's Health – Maternal Health	252,695	<u>252,695</u>
18			<u>383,162</u>
19			
20	07. Women's and Children's Health – Perinatal		
21	Strategic Plan Support Position	80,669	<u>80,669</u>
22			<u>83,413</u>
23			
24	08. State Center for Health Statistics	158,583	158,583
25			
26	09. Health Promotion – Injury and		
27	Violence Prevention	87,271	87,271
28			
29	DHHS Administration		
30			
31	10. Division of Public Health Administration	340,646	340,646
32			
33	11. Division of Child and Family Well-Being		
34	Administration	211,925	211,925
35			
36	TOTAL MATERNAL AND CHILD		
37	HEALTH BLOCK GRANT	\$19,185,988	<u>\$19,185,988</u>
38			<u>\$20,326,367</u>
39			
40	PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT		
41			
42	Local Program Expenditures		
43			
44	01. Physical Activity and Prevention	\$3,081,442	<u>\$3,081,442</u>
45			<u>\$3,398,934</u>
46			
47	DHHS Program Expenditures		
48			
49	Division of Public Health		
50			
51	02. HIV/STD Prevention and		

1	Community Planning	135,063	135,063
2			
3	03. Oral Health Preventive Services	150,000	150,000
4			
5	04. Injury and Violence Prevention		
6	(Services to Rape Victims – Set-Aside)	217,935	217,935
7			
8	05. Performance Improvement and		
9	Accountability	560,182	560,182
10			
11	06. State Center for Health Statistics	48,000	48,000
12			

DHHS Administration**Division of Public Health**

16			
17	07. Division of Public Health	65,000	65,000
18			
19	TOTAL PREVENTIVE HEALTH AND HEALTH		
20	SERVICES BLOCK GRANT	\$4,257,622	<u>\$4,257,622</u>
21			<u>\$4,575,114</u>
22			

COMMUNITY SERVICES BLOCK GRANT

24			
25	01. Community Action Agencies	\$22,862,029	~~\$20,244,923~~
26			<u>\$23,744,923</u>
27			
28	02. Limited Purpose Agencies/Discretionary Funding	457,553	504,718
29			
30	03. Office of Economic Opportunity	1,077,552	1,124,718
31			
32	04. Office of the Secretary/DIRM (Accountable Results for		
33	Community Action (AR4CA) Replacement System)	560,000	560,000
34			
35	05. Office of Economic Opportunity – Workforce		
36	Investment Opportunities Act (WIOA)	60,000	60,000
37			
38	TOTAL COMMUNITY SERVICES		
39	BLOCK GRANT	\$25,017,134	<u>\$22,494,359</u>
40			<u>\$25,994,359</u>

...

"SOCIAL SERVICES BLOCK GRANT

...

"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 (Division) for Adult Protective Services for ~~each year of the 2023-2025 fiscal biennium, the 2023-2024 fiscal year and the four million nine hundred thirty-six thousand fifteen dollars (\$4,936,015) appropriated in this act in the Social Services Block Grant to the Division for Adult Protective Services for the 2024-2025 fiscal year,~~ the sum of eight hundred ninety-three thousand forty-one dollars (\$893,041) ~~for in~~ each year of the 2023-2025 fiscal biennium shall be used to increase the number of Adult Protective Services

workers where these funds can be the most effective. These funds shall be used to pay for salaries and related expenses and shall not be used to supplant any other source of funding for staff. These funds are also exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

...

"LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT

...

"SECTION 9M.1.(u) The sum of sixty-seven million eight hundred thirty-six thousand sixty-nine dollars (\$67,836,069) for ~~each year of the 2023-2025 fiscal biennium~~ the 2023-2024 fiscal year and the sum of fifty million three hundred sixteen thousand three hundred forty-seven dollars (\$50,316,347) 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 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 2023-2025 fiscal biennium~~ the 2023-2024 fiscal year and the eighty-seven million four hundred seventy-nine thousand four hundred forty-eight dollars (\$87,479,448) appropriated in this act for the 2024-2025 fiscal year for quality and availability initiatives 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 in~~ each year of the 2023-2025 fiscal biennium shall be used to establish 18 new positions. From the funds appropriated in this section for the 2024-2025 fiscal year, the sum of twenty-five million four hundred ninety-eight thousand nine hundred twenty-two dollars (\$25,498,922) shall be used to extend the compensation grants portion of the child care stabilization grants, as authorized under Section 3.2(a) of S.L. 2021-25.

...

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

"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 2023-2025 fiscal biennium~~ the 2023-2024 fiscal year and the three million two hundred seventy-five thousand two hundred

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) in each fiscal year shall be used to support nine new positions.

"SECTION 9M.1.(bb) Notwithstanding any other provision of law or provision of the Committee Report described in Section 43.2 of S.L. 2022-74 to the contrary, the sum of one million five hundred thousand dollars (\$1,500,000) in nonrecurring funds provided to Haywood County and the sum of one million five hundred thousand dollars (\$1,500,000) in nonrecurring funds provided to Madison County under the federal Substance Abuse Prevention and Treatment Block Grant in Item 3 of Section 9L.1(a) and Section 9L.1(z2)(1) of S.L. 2021-180, as amended in Section 9L.1 of S.L. 2022-74, for the 2022-2023 fiscal year for substance use treatment shall remain available for expenditure in the ~~2023-2024~~ 2024-2025 fiscal year.

"MATERNAL AND CHILD HEALTH BLOCK GRANT

...

"SECTION 9M.1.(ee) The sum of eighty thousand six hundred sixty-nine dollars (\$80,669) for the 2023-2024 fiscal year and the sum of eighty-three thousand four hundred 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 2023-2025 fiscal biennium~~ shall not be used to supplant existing State or federal funds. This allocation shall be used for a Public Health Program Consultant position assigned full-time to manage the North Carolina Perinatal Health Strategic Plan and provide staff support for the stakeholder work group.

...."

PART X. AGRICULTURE AND CONSUMER SERVICES

CUSTOM EXEMPT MEAT PROCESSING GRANT FUNDING INCREASE

SECTION 10.1.(a) Section 10.6(d) of S.L. 2023-134 reads as rewritten:

"SECTION 10.6.(d) Grant Criteria. – The Department shall develop policies and procedures for the disbursement of the grants authorized by this section that include, at a minimum, the following:

...

- (2) Limitation. – Grants under this section shall not exceed ~~thirty-four~~ thirty thousand dollars ~~(\$30,000)-(\$40,000)~~ per grantee.

...."

SECTION 10.1.(b) This section is effective when it becomes law and applies to grants awarded on or after that date.

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 fifty thousand dollars (\$450,000) 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."

PART XI. COMMERCE

CAREER DEVELOPMENT PLAN CONTRACT IMPLEMENTATION

SECTION 11.1.(a) Of the funds appropriated to the Department of Commerce for the 2024-2025 fiscal year, the Department shall use fifty thousand dollars (\$50,000) in nonrecurring funds to contract with Year13, Inc., to integrate Year13, Inc.'s, student career planning tool with the Department's NCCareers.org website and program within 60 days from the date this section becomes law.

SECTION 11.1.(b) This section is effective when it becomes law.

INCREASE FILM GRANT CAP

SECTION 11.2.(a) G.S. 143B-437.02A reads as rewritten:

"§ 143B-437.02A. The Film and Entertainment Grant Fund.

(a) Creation and Purpose of Fund. – There is created in the Department of Commerce a special, nonreverting account to be known as the Film and Entertainment Grant Fund to provide funds to encourage the production of motion pictures, television shows, movies for television, productions intended for on-line distribution, and commercials and to develop the filmmaking industry within the State. The Department of Commerce shall adopt guidelines providing for the administration of the program. Those guidelines may provide for the Secretary to award the grant proceeds over a period of time, not to exceed three years. Those guidelines shall include the following provisions, which shall apply to each grant from the account:

...

(2) The funds are not used to provide a grant in excess of any of the following:

- a. An amount more than twenty-five percent (25%) of the qualifying expenses for the production.
- b. An amount more than ~~seven~~ (i) twenty million dollars (\$20,000,000) ~~for a feature-length film, more than fifteen million dollars (\$15,000,000) film or for a single season of a television series, or series or~~ (ii) two hundred fifty thousand dollars (\$250,000) for a commercial for theatrical or television viewing or on-line distribution.

...."

SECTION 11.2.(b) This section becomes effective July 1, 2024, and applies to grants awarded on or after that date.

MEGASITE TECHNICAL CORRECTION

SECTION 11.3. Section 11.11(c) of S.L. 2022-74, as amended by Section 11.11(b) of S.L. 2023-134, reads as rewritten:

"SECTION 11.11.(c) Definitions. – The following definitions apply in this section:

...

(5) Megasite. – A parcel of contiguous property consisting of more than 1,000 acres that is viable for industrial development and listed in the report produced pursuant to subsection ~~(g)~~ (d) of this section."

NATURAL GAS LOCAL DISTRIBUTION COMPANIES COST RECOVERY MODIFICATIONS

SECTION 11.4.(a) G.S. 62-133.4 reads as rewritten:

"§ 62-133.4. Gas cost adjustment for natural gas local distribution companies.

...

(c) Each natural gas local distribution company shall submit to the Commission information and data for an historical 12-month test period concerning the utility's actual cost of gas, volumes of purchased gas, sales volumes, negotiated sales volumes, and transportation volumes. This information and data shall be filed on an annual basis in the form and detail and at the time required by the Commission. The Commission, upon notice and hearing, shall

compare the utility's prudently incurred costs with costs recovered from all the utility's customers that it served during the test period. If those prudently incurred costs are greater or less than the recovered costs, the Commission shall, subject to G.S. 62-158, require the utility to refund any overrecovery by credit to bill or through a decrement in its rates and shall permit the utility to recover any deficiency through an increment in its rates. If the Commission finds the overrecovery or deficiency has been or is likely to be substantially reduced, negated, or reversed before or during the period in which it would be credited or recovered, the Commission, in its discretion, may order the utility to make an appropriate adjustment or no adjustment to its rates, consistent with the public interest.

...

(d1) The utility shall not recover from ratepayers, in any rate recovery proceeding or rider, the incremental cost of natural gas attributable to renewable energy biomass resources that exceeds the average system cost of gas unattributable to renewable energy biomass resources calculated and filed with the Commission pursuant to subsection (c) of this section. Each natural gas local distribution company that incurs costs attributable to renewable energy biomass resources shall submit the utility's actual cost thereof to the Commission monthly for purposes of determining the total amount of natural gas costs recoverable under this section.

(e) ~~As used in this section, the word "cost" or "costs" shall be defined by Commission rule or order and may include all costs related to the purchase and transportation of natural gas to the natural gas local distribution company's system.~~ The following definitions apply in this section:

- (1) "Cost" or "costs" shall be defined by Commission rule or order and may include all costs related to the production, purchase, and transportation of natural gas to the natural gas local distribution company's system.
- (2) "Domestic wastewater" means water-carried human wastes together with all other water-carried wastes normally present in wastewater from non-industrial processes.
- (3) "Natural gas" or "gas" includes gas derived from renewable energy biomass resources.
- (4) "Renewable energy biomass resources" includes agricultural waste, animal waste, wood waste, spent pulping liquors, organic waste, combustible residues, combustible gases, energy crops, landfill methane, or domestic wastewater."

SECTION 11.4.(b) G.S. 62-133.7A reads as rewritten:

"§ 62-133.7A. Rate adjustment ~~mechanism~~ mechanisms for natural gas local distribution company rates.

(a) In setting rates for a natural gas local distribution company in a general rate case proceeding under G.S. 62-133, the Commission may adopt, implement, modify, or eliminate a rate adjustment ~~mechanism~~ mechanisms to enable the company to recover the prudently incurred capital investment and associated costs of ~~complying any of the following, including a return based on the company's then authorized return:~~

- (1) Complying with federal gas pipeline safety requirements, including a return based on the company's then authorized return requirements.
- (2) Producing and transporting natural gas, as defined in G.S. 62-133.4(e)(3), or consistent with the intent and purpose of G.S. 62-133.4.

(b) The Commission shall adopt, implement, modify, or eliminate ~~a~~ any of the rate adjustment ~~mechanism~~ mechanisms authorized under this section only upon a finding by the Commission that the mechanism is in the public interest."

RURAL ELECTRIFICATION AUTHORITY/FEE UPDATE

SECTION 11.5.(a) G.S. 117-3 reads as rewritten:

"§ 117-3. Authority not granted power to fix rates or order line extensions; right of suggestion and petition.

~~The Except as provided in G.S. 117-3.1(b), the Authority itself shall not be a rate-making body, and shall have no power to fix the rates or service charges, or to order the extension of lines by the power companies. The Except as provided in G.S. 117-3.1(b), the function of making rates and service charges and orders for the extension of lines shall remain in the Utilities Commission of North Carolina, and the Authority shall only have the right of suggestion and petition to the Utilities Commission of its opinion as to the proper rates and service charges and line extensions, and no rate recommended or suggested by the Authority shall be effective until approved by the Utilities Commission: Provided, that if the Utilities Commission of North Carolina does not have the right under the existing law to fix service charges in addition to the rates prescribed for electrical energy, and the power to order line extensions, such power and authority is hereby granted the Utilities Commission of North Carolina to fix and promulgate service charges in addition to rates in any community which avails itself of this Article, and form a corporation authorized hereunder to be known as electric membership corporation, and to order line extensions when it shall determine that the same is proper and feasible."~~

SECTION 11.5.(b) G.S. 117-3.1 reads as rewritten:

"§ 117-3.1. Regulatory fee.

...

(b) Rate. – For each fiscal year, ~~year in which the General Assembly does not establish a rate,~~ the regulatory fee shall be the ~~greater of the following:~~

- (1) ~~The rate established by the General Assembly for that year for each electric membership corporation's North Carolina meter connected for service and each telephone membership corporation's North Carolina access line connected for service for each quarter of the year.~~
- (2) Four cents (4¢) rate proposed by the Authority in accordance with this subsection, which shall not be more than six cents (6¢) for each electric membership corporation's North Carolina meter connected for service and for each telephone membership corporation's North Carolina access line connected for service for each quarter of the year.

When the Authority prepares its budget request for the upcoming fiscal year, the Authority shall propose a rate for the regulatory fee. For fiscal years beginning in an odd-numbered year, that proposed rate shall be included in the budget message the Governor submits to the General Assembly pursuant to G.S. 143C-3-5. For fiscal years beginning in an even-numbered year, that proposed rate shall be included in a special budget message the Governor shall submit to the General Assembly. ~~If the General Assembly decides to set the regulatory fee at a rate higher than the rate in subdivision (2) of this subsection, it shall set the regulatory fee by law.~~

The regulatory fee may not exceed the amount necessary to generate funds sufficient to defray the estimated cost of the operations of the Authority for the upcoming fiscal year, including a reasonable margin for a reserve fund. The amount of the reserve may not exceed the estimated cost of operating the Authority for the upcoming fiscal year. In calculating the amount of the reserve, the General Assembly shall consider all relevant factors that may affect the cost of operating the Authority or a possible unanticipated increase or decrease in North Carolina electric meters and North Carolina telephone access lines.

...."

PART XII. ENVIRONMENTAL QUALITY

**2021 WATER/SEWER PROJECTS FROM STATE FISCAL RECOVERY FUNDS
EXPENDITURE**

SECTION 12.1.(a) Recipients of funding from the State Fiscal Recovery Fund for water, wastewater, and stormwater projects under Sections 12.13 and 12.14 of S.L. 2021-180, as amended, shall prioritize spending those funds prior to spending funds from other State or federal sources for other water, wastewater, and stormwater projects. The Department of Environmental Quality and the Office of State Budget and Management shall not approve payments or transfer funds for new water, wastewater, and stormwater project funding through State or federal sources unless the recipient for funding is meeting all milestones necessary to spend their funding from the State Fiscal Recovery Fund prior to December 31, 2026.

SECTION 12.1.(b) Notwithstanding Section 12.13(f)(6) of S.L. 2021-180, the funds granted to the Town of Canton may be used for water and wastewater infrastructure projects.

SECTION 12.1.(c) Subsection (a) of this section does not apply to any funds appropriated or allocated to the Town of Canton for water, wastewater, or stormwater projects.

UNION COUNTY WASTEWATER PROJECT CLARIFICATION

SECTION 12.2. Funds allocated to Union County by Section 12.13(f)(63) of S.L. 2021-180 may, notwithstanding that subdivision, be also used by the County for an expansion of the 12-Mile Creek water reclamation facility.

2023 WATER/SEWER GENERAL FUND DEADLINES

SECTION 12.3.(a) Deadlines for Project Completions. – Recipients of funding for projects under Section 12.2(e) of S.L. 2023-134 shall comply with the following schedule:

- (1) No later than December 31, 2026, provide to the Department of Environmental Quality (Department) a completed request for funding form with a project budget that describes a project that is eligible for funding under applicable State or federal law and consistent with the purposes for the funding as set forth in Section 12.2(e) of S.L. 2023-134.
- (2) No later than December 31, 2028, enter into a construction contract for the project.
- (3) No later than June 30, 2031, expend all funding allocated under Section 12.2(e) of S.L. 2023-134.

SECTION 12.3.(b) Extension of Deadline. – The Department may extend the applicable deadline set forth in subsection (a) of this section and set a new deadline with a date certain, if the Department finds good cause for the recipient of funding failing to meet the applicable deadline.

SECTION 12.3.(c) Reversion of Unspent Funds. – If a recipient for funding under Section 12.2(e) of S.L. 2023-134 (i) fails to meet any of the deadlines set forth in subsection (a) or (b) of this section or (ii) complies with the applicable deadline but there remains unexpended or unbudgeted funds in excess of the needs of the eligible project, then unencumbered funds shall revert in accordance with Section 12.2(c) of S.L. 2023-134 on the next business day after the applicable deadline has passed.

SECTION 12.3.(d) Reporting Requirement. – Beginning October 30, 2024, and no later than 30 days after each subsequent quarter thereafter, the Department shall report to (i) the chairs of the House Appropriations, Agriculture and Natural and Economic Resources, (ii) the chairs of the Senate Appropriations on Agriculture, Natural, and Economic Resources, (iii) each member who represents a district with an active project under Section 12.2(e) of S.L. 2023-134, and (iv) the Fiscal Research Division detailing, at a minimum, each project's progress and funding status. This reporting requirement expires when all funds are expended and those projects are completed.

SECTION 12.3.(e) Applicability. – This section only applies to funds allocated under Section 12.2(e) of S.L. 2023-134 from the General Fund.

HARVEST REPORTING SYSTEM REVISIONS

SECTION 12.4.(a) Section 6(f) of S.L. 2023-137 reads as rewritten:

"SECTION 6.(f) Subsection (a) of this section becomes effective ~~December 1, 2024,~~
~~December 1, 2025,~~ and applies to violations committed on or after that date. Subsection (b) of
this section becomes effective ~~December 1, 2025,~~ December 1, 2026, and applies to violations
committed on or after that date. Subsection (c) of this section becomes effective ~~December 1,~~
~~2026,~~ December 1, 2027, and applies to violations committed on or after that date. The remainder
of this section is effective when it becomes law."

SECTION 12.4.(b) Notwithstanding any other provision of S.L. 2023-134 or of the
Committee Report described in Section 43.2 of that act 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 for persons
engaged in recreational and commercial harvesting of fish may be used for implementation as
well as development of that system.

NPDES STORMWATER GENERAL PERMIT FEE CORRECTION

SECTION 12.5. G.S. 143-215.3D(a)(10) reads as rewritten:

"(10) NPDES Stormwater Permits. – The permit fee and annual fee for NPDES
stormwater permits is as follows:

...

b. The fee for coverage under a construction ~~or industrial~~ NPDES general
permit is ~~one hundred twenty dollars (\$120.00).~~ one hundred dollars
(\$100.00).

b1. The fee for coverage under an industrial NPDES general permit is one
hundred twenty dollars (\$120.00).

...."

SMALL DAM EMERGENCY ACTION PLAN MODIFICATIONS

SECTION 12.6.(a) G.S. 143-215.31 reads as rewritten:

"§ 143-215.31. Supervision over maintenance and operation of dams.

(a) The Commission shall have jurisdiction and supervision over the maintenance and
operation of dams to safeguard life and property and to satisfy minimum streamflow
requirements. The Commission may adopt standards for the maintenance and operation of dams
as may be necessary for the purposes of this Part. The Commission may vary the standards
applicable to various dams, giving due consideration to the minimum flow requirements of the
stream, the type and location of the structure, the hazards to which it may be exposed, and the
peril of life and property in the event of failure of a dam to perform its function.

(a1) The owner of a dam classified by the Department as a high-hazard dam or an
intermediate-hazard dam shall develop an Emergency Action Plan for the dam as provided in this
subsection:

...

(2) The Emergency Action Plan shall include, at a minimum, all of the following:

a. A description of potential emergency conditions that could occur at
the dam, including security risks.

b. A description of actions to be taken in response to an emergency
condition at the dam.

c. Emergency notification procedures to aid in warning and evacuations
during an emergency condition at the dam.

d. A downstream inundation map depicting areas affected by a dam
failure and sudden release of the impoundment. A downstream
inundation map prepared pursuant to this section does not require

preparation by a licensed professional engineer or a person under the responsible charge of a licensed professional engineer unless the dam is associated with a coal combustion residuals surface impoundment, as defined by G.S. 130A-309.201.

(3) ~~The~~ Except as otherwise provided, the owner of the dam shall update the Emergency Action Plan annually and shall submit it to the Department and the Department of Public Safety for their review and approval within one year of the prior approval.

(3a) If the dam meets the criteria for exclusion under G.S. 143-215.25A(a)(6) but requires an Emergency Action Plan, then the owner of the dam shall update the Emergency Action Plan every five years and shall submit it to the Department and the Department of Public Safety for their review and approval at least one year prior to the expiration of the previous Emergency Action Plan.

...."

SECTION 12.6.(b) If the Department of Environmental Quality has determined that a failure of a dam less than 25 feet in height or that has an impoundment capacity of less than 50 acre-feet would result in loss of human life or significant damage to property below the dam prior to the effective date of this section, then their requirement to have an updated Emergency Action Plan every year shall be updated every five years under G.S. 143-215.31(a1)(3a), as enacted by this section, beginning after the approval date of the next Emergency Action Plan.

SECTION 12.6.(c) This section becomes effective October 1, 2024, and applies to inspections of dams that occur on or after that date.

DAM RESILIENCE AND INFRASTRUCTURE NEEDS FUND

SECTION 12.7.(a) Part 3 of Article 21 of Chapter 143 of the General Statutes is amended by adding a new section to read:

"§ 143-215.32B. Dam Resilience and Infrastructure Needs Fund.

(a) Establishment; Purpose. – There is established within the Department a special, nonreverting account to be known as the Dam Resilience and Infrastructure Needs Fund to receive federal funds under the United States Army Corps of Engineers Water Infrastructure Financing Program (WIFP) and any other public funds appropriated for purposes consistent with this section. This section provides to the Division of Energy, Mineral, and Land Resources of the Department of Environmental Quality all necessary authority to serve as the State Administrative Agency for this Fund. The Fund shall consist of any funds received from federal or State sources that are appropriated for dam repair, modification, removal, and other remediation efforts related to dam structural integrity and safety.

(b) Eligible Uses. – Funds received from the WIFP or other federal sources may be used to disburse loans to eligible subrecipients in this State, consistent with federal Program rules published in the Federal Register and State law and rule. Any funds received from other State or federal sources shall be used consistent with the purposes and restrictions from the funding source, including grants, if applicable.

(c) Priority. – The Department, through the Division, shall assign priority for loans from the Fund to eligible subrecipients based on the Risk-Based Prioritization Method established under the Federal Emergency Management Agency Rehabilitation of High Hazard Potential Dams Grant Program. The Department may develop priority criteria for grants from other federal or State sources, if applicable.

(d) Rulemaking. – The Department may adopt rules necessary to implement the provisions of this section.

(e) Reporting Requirement. – The Department shall submit an annual report no later than October 1 of each year to the Joint Legislative Committee on Agriculture and Natural and

Economic Resources and the Fiscal Research Division on the previous State fiscal year's loans, grants, or other disbursements from the Fund. The report shall include, at a minimum, the types, amounts, and recipients of loans, grants, and disbursements. If loans are disbursed, the report shall include (i) any defaults, (ii) interest rates, and (iii) efforts to recapture funds loaned to those recipients in the event of delinquent payment."

SECTION 12.7.(b) The Department of Environmental Quality may use existing funds to create up to two full-time equivalent positions to operate the Dam Resilience and Infrastructure Needs Fund program as set forth in this section.

SHALLOW DRAFT FUND AMENDMENTS

SECTION 12.8. G.S. 143-215.73F, as amended by Section 4.12 of S.L. 2024-1, 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:

(1) To provide the State's share of the costs associated with any dredging project designed to keep shallow draft navigation channels located in State waters or waters of the State located within lakes navigable and safe.

(2) For aquatic weed control projects in waters of the State that either address (i) a noxious aquatic weed designated under Article 15 of Chapter 113A of the General Statutes, (ii) cyanobacteria causing harmful algal blooms or producing cyanotoxins such as cylindrospermopsin and saxitoxins, or (iii) other aquatic vegetation not so designated, if the vegetation obstructs public water access or access by watercraft to public watercraft launching or docking areas. Funding for aquatic weed control projects is limited to ~~one million dollars (\$1,000,000)~~ two million dollars (\$2,000,000) in each fiscal year.

(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 twenty thousand dollars (\$120,000) in each fiscal year.

(3a) For administrative support of Fund operations, limited to one hundred thousand dollars (\$100,000) in each fiscal year.

...

(b2) Invoice Approval Required. – Any invoices submitted to the Secretary for reimbursement or payment from the Fund for projects undertaken for the purpose set forth in subdivision (1) of subsection (b) of this section shall be signed by the representative of the unit of local government sponsoring the project.

...

(f1) Administrative Expense Adjustment. – The Secretary may annually adjust the administrative expense caps imposed by subdivisions (b)(3) and (b)(3a) of this section, so long as any cap increase does not exceed the amount necessary to provide for statewide salary and benefit adjustments enacted by the General Assembly.

...."

MODERNIZE WASTEWATER PERMITTING TO SUPPORT ENVIRONMENTALLY SOUND ECONOMIC DEVELOPMENT

SECTION 12.9.(a) The General Assembly finds all of the following:

(1) Residents of the State should be assured enjoyment of, and access to, proven and reasonable methods of treating and disposing of wastewater that embrace new technologies.

(2) As the State continues to grow and attract businesses, it is critical that wastewater treatment and disposal facilities are provided for those businesses;

and adequate and affordable housing that is proximate to those businesses must be available to assure the success of those businesses.

(3) Residents of the State should be assured treatment in an equitable manner to their counterparts within other states comprising the United States Environmental Protection Agency's (USEPA) Region 4 where permits are authorized and issued for the discharge of treated wastewater from municipalities, businesses, and developments to, for example, receiving waters "in which natural flow is intermittent, or under certain circumstances non-existent" (Alabama Admin. Code r. 335-6-10-.09).

(4) The discharge of treated wastewater to low flow or zero flow receiving waters is of low risk to the environment, protects and improves water quality, and provides the most prudent use of ratepayer funds.

(5) For all these reasons, it is necessary to establish methodologies and rules for the discharge of treated domestic wastewaters with low risk following site specific criteria to surface waters of the State, including wetlands, perennial streams, and unnamed tributaries of named and classified streams and intermittent streams or drainage courses where the 7Q10 flow or 30Q2 flow of the receiving waters is estimated to be low flow or zero flow, as determined by the United States Geological Survey (USGS).

(6) This act preserves and maintains the authority of the Department of Environmental Quality (Department) for appropriate review, including opportunities for public comment, and requires the Department and the Environmental Management Commission (Commission) to seek necessary approvals from USEPA to adopt temporary and permanent rules to authorize discharges of wastewater to such receiving waters.

SECTION 12.9.(b) G.S. 143-215.1(c8) is repealed.

SECTION 12.9.(c) Section 12.9 of S.L. 2023-134 is repealed.

SECTION 12.9.(d) No later than August 1, 2024, the Department of Environmental Quality (Department) and the Environmental Management Commission (Commission) shall develop and submit to the United States Environmental Protection Agency for USEPA's approval draft rules that establish methodologies and permitting requirements for the discharge of treated domestic wastewaters with low risk following site-specific criteria to surface waters of the State, including wetlands, perennial streams, and unnamed tributaries of named and classified streams and intermittent streams or drainage courses where the 7Q10 flow or 30Q2 flow of the receiving water is estimated to be low flow or zero flow, or under certain conditions non-existent, as determined by the United States Geological Survey (USGS). Within 20 days of the date USEPA approves the draft rules submitted pursuant to this subsection, the Commission shall initiate the process for temporary and permanent rules pursuant to Chapter 150B of the General Statutes. The draft rules submitted to USEPA for approval shall include all of the following:

(1) Defined terms. –

a. "Treated domestic wastewater" shall mean sewage and wastewater comprised of waste and wastewater from household, commercial or light industrial operations (e.g., homes, restaurants, car washes, laundromats servicing only domestic laundry) excluding any industrial process wastewater regulated by USEPA under the Categorical Pretreatment Standards.

b. "Low-risk discharges" means discharges of 2 million gallons per day or less of treated domestic wastewater when the dissolved oxygen content (DO) of the effluent is significantly higher (1.5 mg/l or greater) than the DO of the receiving water during low flow periods and the

- 1 biological oxygen demand content (BOD) of the effluent is
2 significantly lower (1.5 mg/l or more) than the DO of the effluent.
- 3 c. "Sag" means a reduction in the existing DO in the background surface
4 receiving water to which treated wastewater will be discharged. Sag is
5 typically related to nutrient elements within treated wastewater, which
6 may promote the growth of oxygen-consuming micro-organisms,
7 increasing the BOD, which at elevated levels may reduce DO in the
8 background surface water body.
- 9 (2) Criteria for permitting. –
- 10 a. Applicants shall be required to demonstrate, through an analysis
11 comparing the limits of the NPDES permit to the characteristics of the
12 receiving water, that a proposed discharge meets criteria for a low-risk
13 discharge as defined in this subsection. When a discharge is
14 determined to be low-risk, the applicant shall demonstrate using
15 simple modeling of the applicant's choosing, provided that the model
16 chosen is utilized elsewhere in USEPA Region 4, such as the
17 Streeter-Phelps model used in the State of Alabama, to show that the
18 Sag, if any, in the DO of the receiving water will not exceed 0.1mg/l.
- 19 b. Discharges to low flow or zero flow receiving waters shall be subject
20 to the following conditions:
- 21 1. The receiving waters fall within any of the following
22 categories:
- 23 I. The 7Q10 or 32Q2 flow statistics are estimated to be
24 zero by the USGS.
- 25 II. The drainage area of the discharge point is less than 5
26 square miles as specified by the USGS on-line tools or
27 other methodology that meets the standard of care for
28 such work.
- 29 III. The 7Q10 flow is estimated to be less than 1 cubic foot
30 per second by the USGS.
- 31 2. The proposed flow for any wastewater discharge shall be the
32 lesser of the following:
- 33 I. No more than one-tenth of the flow generated by the
34 one-year, 24-hour storm event given the drainage area
35 and calculated using the rational method. The rational
36 method shall be used to calculate the peak runoff for
37 the one-year, 24-hour precipitation event in cubic feet
38 per second. The peak runoff shall then be divided by 10
39 and multiplied by 646,272 to convert the result to
40 gallons per day of allowable discharge at the point
41 studied.
- 42 II. Two million gallons per day.
- 43 3. All discharges shall be directed to buffer systems that utilize
44 low-energy methodologies to function as a buffer between the
45 discharge and the receiving waters. Buffer systems shall
46 consist of one of the following:
- 47 I. High-rate infiltration basins that may include
48 engineered materials to achieve high rates of
49 infiltration, which engineered materials shall have an
50 ASTM gradation of a fine to coarse grain sand, and
51 angular to maintain structural integrity of the slope.

- II. Constructed free-surface wetlands having a hydraulic residence time of 14 days.
 - III. Other suitable technologies that provide a physical or hydraulic residence time buffer, or both, between the discharge and the receiving waters.
 4. Discharge to areas that are 50 feet upland of the receiving waters or wetlands at a non-erosive velocity equal to or less than 2 feet per second through an appropriately designed energy dissipater, or other applicable designs, that meet the standard of practice for professional engineers for such devices.
 5. Utilize more than one outfall to the receiving stream so that no one outfall exceeds 1 cubic foot per second based on the average daily flow of the discharge. Discharges from buffer systems shall be allowed to be placed at increments along a stream or receiving waters at no less than 50 linear feet.
 6. No discharge shall be permitted to classified shellfish waters (SA), tidal waters (SC), water supply waters (WS), or outstanding resource waters (ORW). Discharges to unnamed tributaries of classified shellfish waters, however, shall be authorized in compliance with requirements of this section and only when a low-risk situation is present. Discharges to nutrient sensitive waters (NSW) may require additional modeling and allocation of flow and will be at the discretion of the Department.
 7. The following effluent limits shall generally apply except where (i) the applicant and Department agree to more stringent limits or (ii) complex modeling conducted pursuant to sub-sub-subdivision 8. of this sub-subdivision demonstrates that Sag in the DO content of the receiving water of 0.1 mg/l or less will occur and water quality standards are protected:
 - I. Biological oxygen demand (BOD₅) shall not exceed 5.0 mg/l monthly average.
 - II. NH₃, 0.5 mg/l monthly average, 1.0 mg/l daily maximum.
 - III. Total nitrogen shall not exceed 4.0 mg/l monthly average.
 - IV. Total phosphorus, 1.0 mg/l monthly average, 2.0 mg/l daily maximum.
 - V. Fecal coliforms, 14 colonies/100ml or less.
 - VI. Dissolved oxygen, 7.0 mg/l or greater.
 - VII. Total suspended solids, 5.0 mg/l monthly average, 8mg/l daily maximum.
 - VIII. Nitrate, 1.0 mg/l monthly average, 2.0 mg/l daily maximum.
 8. If an applicant proposes less stringent effluent limits than those set forth in sub-sub-subdivision 7. of this sub-subdivision, the applicant shall conduct more complex modeling using any model accepted elsewhere in USEPA Region 4 that the applicant elects to use to confirm that a Sag in the DO content

- 1 of the receiving water of 0.1 mg/l or less will occur and water
2 quality standards are protected.
- 3 9. The Department shall not require an applicant to obtain
4 mapping data from the USGS as part of an application. In lieu,
5 an engineer of record licensed in the State of North Carolina
6 may prepare required mapping utilizing either USGS maps or
7 other maps approved by the Department.
- 8 10. Within 30 days of the filing of an application for a wastewater
9 discharge subject to this section, the Department shall (i)
10 determine whether or not the application is complete and notify
11 the applicant accordingly and (ii) if the Department determines
12 an application is incomplete, specify all such deficiencies in
13 the notice to the applicant. The applicant may file an amended
14 application or supplemental information to cure the
15 deficiencies identified by the Department for the Department's
16 review. If the Department fails to issue a notice as to whether
17 or not the application is complete within the requisite 30-day
18 period, the application shall be deemed complete. Within 180
19 days of the filing of a completed application, the Commission
20 shall either grant or deny the permit. If the Commission fails
21 to act in the requisite time frame, ten percent (10%) of the
22 application fee shall be returned to the applicant for each
23 working day beyond the 180-day period.

24 **SECTION 12.9.(e)** No later than September 1, 2024, the Department in conjunction
25 with the North Carolina Collaboratory at the University of North Carolina at Chapel Hill
26 (Collaboratory) shall convene a Wastewater General Permit Working Group (Working Group)
27 consisting of Department and Collaboratory staff and a maximum of five consulting experts
28 appointed by the Director of the Collaboratory in the fields of environmental regulation,
29 wastewater regulation, water quality regulation, and wastewater treatment regulation, to develop
30 the draft rules for the implementation of a Wastewater Treatment and Discharge General Permit
31 process for the State. The Working Group shall report its findings to the Environmental Review
32 Commission no later than March 15, 2025. Following consideration by the Environmental
33 Review Commission, and after making any changes required by the Environmental Review
34 Commission, the Department shall develop and submit proposed rules to USEPA for its approval.
35 Within 20 days of the date USEPA approves the draft rules submitted pursuant to this subsection,
36 the Commission shall initiate the process for temporary and permanent rules pursuant to Chapter
37 150B of the General Statutes.

38 **SECTION 12.9.(f)** Beginning September 1, 2024, and quarterly thereafter until such
39 times as permanent rules as required by subsections (d) and (e) of this section have become
40 effective, the Department and the Environmental Management Commission shall report on their
41 activities to implement subsections (d) and (e) of this section to the Environmental Review
42 Commission, the Joint Legislative Oversight Committee on Agriculture and Natural and
43 Economic Resources, the Senate Appropriations Committee on Agriculture, Natural and
44 Economic Resources, and the House of Representatives Appropriations Committee on
45 Agriculture and Natural and Economic Resources of the General Assembly.

46 **SECTION 12.9.(g)** This section is effective when it becomes law.
47

48 **PART XIII. LABOR [RESERVED]**
49

50 **PART XIV. NATURAL AND CULTURAL RESOURCES**
51

AUTHORIZE NEW TRAILS

SECTION 14.1.(a) The General Assembly authorizes the Department of Natural and Cultural Resources to add the (i) First Broad River Trail in Cleveland County, (ii) Carolina Thread Trail encompassing 15 counties in the southwestern part of the State, and (iii) Watauga River Paddle Trail in Watauga County to the State Parks System as State Trails, as provided in G.S. 143B-135.54(b). The Department shall support, promote, encourage, and facilitate the establishment of trail segments on State park lands and on lands of other federal, State, local, and private landowners. On segments of those State Trails that cross property controlled by agencies or owners other than the Department's Division of Parks and Recreation, the laws, rules, and policies of those agencies or owners shall govern the use of the property. The requirement of G.S. 143B-135.54(b) that additions be accompanied by adequate appropriations for land acquisition, development, and operations shall not apply to the authorization set forth in this section; provided, however, that the State may receive donations of appropriate land and may purchase other needed lands for those State Trails with existing funds in the North Carolina Land and Water Fund, the Parks and Recreation Trust Fund, the federal Land and Water Conservation Fund, and other available sources of funding.

SECTION 14.1.(b) This section is effective when it becomes law.

CAPACITY-BUILDING GRANTS FOR GREAT TRAILS

SECTION 14.2. Of the funds appropriated in this act to the Department of Natural and Cultural Resources for the Great Trails State Program for the 2024-2025 fiscal year, the sum of one million dollars (\$1,000,000) shall be allocated as follows:

- (1) Seven hundred fifty thousand dollars (\$750,000) to be divided equally between the 15 eligible entities, as defined in Section 14.6 of S.L. 2023-134, for capacity-building grants.
- (2) Fifty thousand dollars (\$50,000) for the Saluda Grade Trails Conservancy, a nonprofit corporation, for a capacity-building grant for the Saluda Grade rail corridor. These funds shall not be disbursed to the Conservancy until the Saluda Grade rail corridor has been designated as a State Trail and conveyed to the State in accordance with the memorandum of understanding entered into under Section 14.5(d) of S.L. 2023-134.
- (3) Two hundred thousand dollars (\$200,000) to the Great Trails State Coalition, a nonprofit corporation, for (i) a time-limited position to assist and coordinate trail planning and implementation for the nonprofit organizations in the State, (ii) marketing for trail events, and (iii) promoting outdoor trail recreation.

N.C. ZOO MODIFICATIONS

SECTION 14.3.(a) G.S. 150B-1(d) reads as rewritten:

"(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the following:

...

(27a) The Department of Natural and Cultural Resources with respect to developing park rules and standards of etiquette governing visitors at the North Carolina Zoological Park.

...."

SECTION 14.3.(b) G.S. 143-341 reads as rewritten:

"§ 143-341. Powers and duties of Department.

The Department of Administration has the following powers and duties:

...

- (8) General Services:

...

- 1 i. To establish and operate a central motor fleet and such subsidiary
2 related facilities as the Secretary may deem necessary, and to that end:
3 ...
4 3. To require on a schedule determined by the Department all
5 State agencies to transfer ownership, custody or control of any
6 or all passenger motor vehicles within the ownership, custody
7 or control of that agency to the Department, except those motor
8 vehicles under the ownership, custody or control of ~~the~~ the
9 following:
10 I. The North Carolina Zoological Park.
11 II. The North Carolina Division of Parks and Recreation
12 of the Department of Natural and Cultural Resources.
13 III. The Highway Patrol, the State Bureau of Investigation,
14 the State Capitol Police, or the Alcohol Law
15 Enforcement Division of the Department of Public
16 Safety, the Safety.
17 IV. The Samarcand Training Academy, or the Academy.
18 V. The constituent institutions of The University of North
19 Carolina which are used primarily for law-enforcement
20 purposes.

21"

22 **SECTION 14.3.(c)** G.S. 121-4 reads as rewritten:

23 **"§ 121-4. Powers and duties of the Department of Natural and Cultural Resources.**

24 The Department of Natural and Cultural Resources shall have the following powers and
25 duties:

- 26 (1) To accept gifts, devises, and endowments for purposes which fall within the
27 general legal powers and duties of the Department. Unless otherwise specified
28 by the donor or testator, the Department may either expend both the principal
29 and interest of any gift or devises or may invest such funds in whole or in part,
30 by and with the consent of the State Treasurer. The Department may recognize
31 gifts by ~~naming~~ naming, allowing the sponsorship of, or allowing logo or
32 advertisement placement on, exhibits, equipment, buildings, features, or other
33 property belonging to, or programs administered by-by, the Department.

34"

35 **SECTION 14.3.(d)** G.S. 143B-135.209 reads as rewritten:

36 **"§ 143B-135.209. North Carolina Zoo Fund.**

37 ...

38 (c) Approval. – The Secretary may approve the use of the North Carolina Zoo Fund for
39 repair and renovation projects at the North Carolina Zoological Park that comply with the
40 following:

- 41 (1) The total project cost is less than ~~five hundred thousand dollars~~
42 ~~(\$500,000).~~ one million dollars (\$1,000,000).
43 (2) The project meets the criteria to be classified as a repair or renovation under
44 G.S. 143C-8-13(a).
45 (3) The project is paid for from funds appropriated to the Fund.
46 (4) The project does not obligate the State to provide increased recurring funding
47 for operations.

48"

49 **SECTION 14.3.(e)** G.S. 143C-8-7 reads as rewritten:

50 **"§ 143C-8-7. When a State agency may begin a capital improvement project.**

(a) No State agency may expend funds for the construction or renovation of any capital improvement project except as needed to comply with this Article or as otherwise authorized by (i) an act of the General Assembly or (ii) subsection (b) of this section. Funds that become available by gifts, federal or private grants, receipts becoming a part of special funds by act of the General Assembly, or any other funds available to a State agency or institution may be utilized for advanced planning through the working drawing phase of capital improvement projects, upon approval of the Director of the Budget.

(b) Notwithstanding any other provision of law to the contrary, the following agencies are authorized to utilize the types of funds described in subsection (a) of this section for capital improvement projects with a total project cost less than one hundred fifty thousand dollars (\$150,000) as follows:

- (1) The Department of Agriculture and Consumer Services, for equipment structures that meet the description contained in G.S. 143-138(b4)(1)c. on an as-needed basis.
- (2) The Wildlife Resources Commission, for equipment storage or maintenance buildings.
- (3) The Department of Natural and Cultural Resources for projects at the North Carolina Zoological Park.

STATE CHILDREN'S MUSEUM

SECTION 14.4.(a) Chapter 145 of the General Statutes is amended by adding a new section to read:

"§ 145-52. State children's museum.

The Kidzu Children's Museum is adopted as the official children's museum of North Carolina."

SECTION 14.4.(b) This section is effective when it becomes law.

PART XV. WILDLIFE RESOURCES COMMISSION [RESERVED]

PART XVI. ADMINISTRATIVE OFFICE OF THE COURTS

REQUIRE PROSECUTOR TO EXPLAIN REDUCTION OR DISMISSAL OF CHARGE IN CIVIL DISORDER CASES

SECTION 16.1.(a) Article 9 of Chapter 7A of the General Statutes is amended by adding a new section to read:

"§ 7A-69.2. Requirement that prosecutor explain reduction or dismissal of charge in civil disorder case.

(a) Definition. – For purposes of this section, the term "civil disorder case" means a case involving an offense under any of the following:

- (1) G.S. 14-12.7 through G.S. 14-12.10.
- (2) G.S. 14-132.
- (3) G.S. 14-288.2.
- (4) Subdivisions (3) through (6) of subsection (a) of G.S. 14-288.4.
- (5) G.S. 14-288.5.
- (6) G.S. 14-288.6.
- (7) G.S. 20-174.1.

(b) Requirement. – Any prosecutor shall enter detailed facts in the record of any civil disorder case explaining orally in open court and in writing the reasons for the prosecutor's action if the prosecutor does any of the following:

- (1) Enters a voluntary dismissal.
- (2) Accepts a plea of guilty or no contest to a lesser included offense.

- (3) Substitutes another charge, by statement of charges or otherwise, if the substitute charge carries a lesser mandatory minimum punishment.
- (4) Otherwise takes a discretionary action that effectively dismisses or reduces the original charge.

General explanations such as "interests of justice" or "insufficient evidence" are not sufficiently detailed to meet the requirements of this section.

(c) Content of Explanation. – The written explanation shall be signed by the prosecutor taking the action on a form approved by the Administrative Office of the Courts and shall contain, at a minimum, all of the following:

- (1) A list of all prior convictions of offenses set forth in subdivision (1) of subsection (a) of this section.
- (2) A statement that a check of the database of the Administrative Office of the Courts revealed whether any other charges against the defendant were pending.
- (3) The elements that the district attorney believes in good faith can be proved, and a list of those elements that the district attorney cannot prove and why.
- (4) The name and agency of the charging officer and whether the officer is available.
- (5) Any reason why the charges are dismissed.

(d) Copy of Explanation. – A copy of the form required in subsection (c) of this section shall be sent to the head of the law enforcement agency that employed the charging officer, to the district attorney who employs the prosecutor, and filed in the court file. The Administrative Office of the Courts shall electronically record this data in its database and make it available upon request."

SECTION 16.1.(b) This section becomes effective October 1, 2024, and applies to offenses committed on or after that date.

ALLOW MAGISTRATES WITH CERTAIN PRIOR EXPERIENCE TO START IN HIGHER SALARY STEP

SECTION 16.2.(a) G.S. 7A-171.1(a) reads as rewritten:

"(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

...

(3) Notwithstanding any other provision of this subsection, a subsection:

- a. A magistrate who is licensed to practice law in North Carolina or any other state shall receive the annual salary provided in the Table in subdivision (1) of this subsection for Step 4.
- b. A magistrate with a total of 10 or more years of experience in any combination of the following positions shall receive the annual salary provided in the Table in subdivision (1) of this subsection for Step 2:
1. Law enforcement officer in North Carolina.
 2. Assistant clerk of superior court in North Carolina.
 3. Deputy clerk of superior court in North Carolina."

SECTION 16.2.(b) This section becomes effective July 1, 2024.

ADD MAGISTRATE TO AVERY COUNTY

SECTION 16.4. G.S. 7A-133(c) reads as rewritten:

"(c) Each county shall have the numbers of magistrates and additional seats of district court, as set forth in the following table:

Magistrates

Additional

County	Min.	Seats of Court
...		
Avery	34	
...."		

AMEND RECIPIENTS OF ANNUAL REPORT ON BUSINESS COURTS**SECTION 16.5.(a)** G.S. 7A-343(8a) reads as rewritten:

"(8a) Prepare and submit an annual report on the activities of each North Carolina business court site to the Chief Justice, the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety, and the chairs of the of the Joint Legislative Oversight Committee on Justice and Public Safety, and all other members of the General Assembly Safety on February 1. The report shall include the following information for each business court site:

- a. The number of new, closed, and pending cases for the previous three years.
- b. The average age of pending cases.
- c. The number of motions pending over six months after being filed.
- d. The number of cases in which bench trials have been concluded for over six months without entry of judgment, including any accompanying explanation provided by the Business Court.

The report shall include an accounting of all business court activities for the previous fiscal year, including the itemized annual expenditures."

SECTION 16.5.(b) This section is effective when it becomes law and applies to reports prepared on or after that date.

STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM/REVISE REPORTING DATE ON FIVE-YEAR PROJECTION**SECTION 16.6.** G.S. 164-51 reads as rewritten:**"§ 164-51. Five-year projection; Statewide Misdemeanant Confinement Program.**

The Judicial Department, through the North Carolina Sentencing and Policy Advisory Commission (Commission) and with the assistance of the North Carolina Sheriffs' Association (Sheriffs' Association), shall develop projections of available bed space in the Statewide Misdemeanant Confinement Program (Program). The projections shall cover the next five fiscal years beginning with the 2018-2019 fiscal year. All State agencies, the Sheriffs' Association, and the person having administrative control of a local confinement facility as defined in G.S. 153A-217(5) shall furnish to the Commission data related to available bed space as requested to implement this section.

The Commission shall report its projections to the chairs of the Senate Appropriations Committee on Justice and Public Safety and the chairs of the House Appropriations Committee on Justice and Public Safety no later than February 15, 2019, and annually ~~thereafter~~ thereafter by March 15 of each year."

ADMINISTRATIVE OFFICE OF THE COURTS TO PAY THE CONTINUING LEGAL EDUCATION FEES OF EMERGENCY JUSTICES, EMERGENCY APPELLATE AND TRIAL COURT JUDGES, AND EMERGENCY RECALL JUDGES**SECTION 16.7.(a)** G.S. 7A-52 is amended by adding a new subsection to read:

"(c) The Administrative Office of the Courts shall pay all continuing legal education fees required by the North Carolina State Bar for individuals actively serving as an emergency district, superior, or special superior court judge under this Article. These fees shall be those associated

with continuing legal education courses taken to fulfill the educational requirements of the calendar year in which an emergency district, superior, or special superior court judge actively serves.

Pursuant to policies and procedures created by the Administrative Office of the Courts for the purposes of this subsection, emergency district, superior, and special superior court judges shall submit to the Administrative Office the Courts at least one of the following:

- (1) For payment of continuing legal education fees, an invoice from the State Bar delineating the fees owed.
- (2) For reimbursement of continuing legal education fees previously paid for by the emergency district, superior, or special superior court judge, a receipt delineating the fees paid.

The fees paid pursuant to this subsection shall only be those required by the North Carolina State Bar, not to include other costs associated with continuing legal education courses such as travel, lodging, or meals."

SECTION 16.7.(b) Article 6 of Chapter 7A of the General Statutes is amended by adding a new section to read:

"§ 7A-39.16. Continuing legal education fees of emergency justices, judges, and recall judges.

The Administrative Office of the Courts shall pay all continuing legal education fees required by the North Carolina State Bar for individuals actively serving as emergency justices, judges, or recall judges under this Article. These fees shall be those associated with continuing legal education courses taken to fulfill the educational requirements of the calendar year in which an emergency justice, judge, or recall judge actively serves.

Pursuant to policies and procedures created by the Administrative Office of the Courts for the purposes of this section, emergency justices, judges, and recall judges shall submit to the Administrative Office the Courts at least one of the following:

- (1) For payment of continuing legal education fees, an invoice from the State Bar delineating the fees owed.
- (2) For reimbursement of continuing legal education fees previously paid for by the emergency justice, judge, or recall judge, a receipt delineating the fees paid.

The fees paid pursuant to this section shall only be those required by the North Carolina State Bar, not to include other costs associated with continuing legal education courses such as travel, lodging, or meals."

SECTION 16.7.(c) This section becomes effective July 1, 2024, and applies to individuals serving as emergency justices, emergency appellate and trial court judges, and emergency recall judges on or after that date.

TEMPORARILY EXTEND THE MANDATORY RETIREMENT AGE OF DISTRICT COURT JUDGES

SECTION 16.8.(a) Article 14 of Chapter 7A of the General Statutes is amended by adding a new section to read:

"§ 7A-140.2. Temporarily extend age limit of district judges in certain circumstances.

(a) Notwithstanding any provision of this Article to the contrary, a district judge who attains 72 years of age before January 1, 2027, and who is in the last two years of the judge's term of office when the judge reaches that age, may continue in office until the end of the judge's term of office.

(b) For purposes of this section, the age of the judge at the end of the judge's term shall constitute, for that judge, the maximum age limit for service as a judge. Judges so retired pursuant to this subsection may be recalled for periods of temporary service as provided in Subchapter III of this Chapter.

(c) This section shall expire after December 31, 2026."

SECTION 16.8.(b) G.S. 135-57(b) reads as rewritten:

"(b) Any member who is a justice or judge of the General Court of Justice shall be automatically retired as of the last day of the calendar month in which the justice or judge reaches the applicable maximum age for judicial service specified under ~~G.S. 7A-5(b), 7A-40.1, or 7A-140.1, whichever is applicable.~~ Chapter 7A of the General Statutes."

SECTION 16.8.(c) This section is effective when it becomes law and applies to justices and judges serving on or after that date.

PART XVII. INDIGENT DEFENSE SERVICES [RESERVED]

PART XVIII. JUSTICE

PROHIBIT NONCITIZENS FROM RECEIVING CERTAIN PUBLIC SAFETY CERTIFICATIONS

SECTION 18.1.(a) Article 1 of Chapter 17C of the General Statutes is amended by adding a new section to read:

"§ 17C-17. Prohibition against certifying noncitizens.

The Commission shall not certify or recertify any person under this Chapter that is not a citizen of the United States."

SECTION 18.1.(b) G.S. 17C-10(c) reads as rewritten:

"(c) In addition to the requirements of subsection (b) of this section, the Commission, by rules and regulations, shall fix other qualifications for the employment, training, and retention of criminal justice officers including minimum age, education, physical and mental standards, ~~citizenship~~, good moral character, experience, and such other matters as relate to the competence and reliability of persons to assume and discharge the responsibilities of criminal justice officers. The Commission shall prescribe the means for presenting evidence of fulfillment of these requirements. The Commission shall require the administration of a psychological screening examination, including a face-to-face, in-person interview conducted by a licensed psychologist, to determine the criminal justice officer's psychological suitability to properly fulfill the responsibilities of the criminal justice officer. If face-to-face, in-person is not practicable, the face-to-face evaluation can be virtual as long as both the audio and video allow for a professional clinical evaluation in a clinical environment. The psychological screening examination shall be given (i) prior to the initial certification or (ii) prior to the criminal justice officer performing any action requiring certification by the Commission.

Where minimum educational standards are not met, yet the individual shows potential and a willingness to achieve the standards by extra study, they may be waived by the Commission for the reasonable amount of time it will take to achieve the standards required. Such an educational waiver shall not exceed 12 months."

SECTION 18.1.(c) Article 1 of Chapter 17E of the General Statutes is amended by adding a new section to read:

"§ 17E-6.6. Prohibition against certifying noncitizens.

The Commission shall not certify or recertify any person under this Chapter that is not a citizen of the United States."

SECTION 18.1.(d) G.S. 17E-7(c) reads as rewritten:

"(c) In addition to the requirements of subsection (b) of this section, the Commission, by rules and regulations, may fix other qualifications for the employment and retention of justice officers including minimum age, education, physical and mental standards, ~~citizenship~~, good moral character, experience, and such other matters as relate to the competence and reliability of persons to assume and discharge the responsibilities of the office. The Commission shall prescribe the means for presenting evidence of fulfillment of these requirements. The

Commission shall require the administration of a psychological screening examination, including a face-to-face, in-person interview conducted by a licensed psychologist, to determine the justice officer's psychological suitability to properly fulfill the responsibilities of the justice officer. If face-to-face, in-person is not practicable, the face-to-face evaluation can be virtual as long as both the audio and video allow for a professional clinical evaluation in a clinical environment. The psychological screening examination shall be given (i) prior to the initial certification or (ii) prior to the criminal justice officer performing any action requiring certification by the Commission.

Where minimum educational standards are not met, yet the individual shows potential and a willingness to achieve the standards by extra study, they may be waived by the Commission for the reasonable amount of time it will take to achieve the standards required. Upon petition from a sheriff, the Commission may grant a waiver of any provisions of this section (17E-7) for any justice officer serving that sheriff."

SECTION 18.1.(e) This section is effective when it becomes law and applies to certifications and recertifications awarded on or after that date.

REMOVE CERTAIN CONSTRAINTS FOR LATERAL TRANSFERS OF LAW ENFORCEMENT OFFICERS

SECTION 18.2.(a) Article 1 of Chapter 17C of the General Statutes is amended by adding a new section to read:

"§ 17C-10.2. Transfer of certified officers.

(a) Notwithstanding any other provision of law, the Commission, the Division, and a law enforcement agency considering the application for employment of a criminal justice officer shall be granted access to and allowed to review the applicant's personnel file maintained by any law enforcement agency holding, or who has previously held, the applicant's certification, if each of the following circumstances exists:

- (1) The applicant currently holds a general or probationary certification from the Commission or the Sheriffs' Education and Training Standards Commission.
- (2) The applicant has less than a 12-month break in service.
- (3) The applicant is applying to obtain certification with another law enforcement agency.

(b) A law enforcement agency and its personnel providing access and review of a personnel file pursuant to this section shall not be held civilly or criminally liable for doing so."

SECTION 18.2.(b) Article 2 of Chapter 17E of the General Statutes is amended by adding a new section to read:

"§ 17E-7.1. Transfer of certified officers.

(a) Notwithstanding any other provision of law, the Commission, the Division, and a sheriff's office considering the application for employment of a justice officer shall be granted access to and allowed to review the applicant's personnel file maintained by any law enforcement agency holding, or who has previously held, the applicant's certification, if each of the following circumstances exist:

- (1) The applicant currently holds a general or probationary certification from the Commission or the Criminal Justice Education and Training Standards Commission.
- (2) The applicant has less than a 12-month break in service.
- (3) The applicant is applying to obtain certification with another law enforcement agency.

(b) A sheriff's office and its personnel providing access and review of a personnel file pursuant to this section shall not be held civilly or criminally liable for doing so."

SECTION 18.2.(c) This section is effective when it becomes law and applies to applications for employment submitted before, on, or after that date.

**EXEMPT CERTAIN LAW ENFORCEMENT TRAINING MATERIALS AND
ELIGIBILITY GUIDELINE DETERMINATIONS FROM RULE MAKING**

SECTION 18.3. G.S. 150B-1(d) reads as rewritten:

"(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the following:

...

(6a) The Criminal Justice Education and Training Standards Commission with respect to establishing minimum ~~standards~~ standards, all course-related materials for entry-level and in-service training for criminal justice officers under G.S. 17C-6(a)(14)-training, and all other Commission courses pursuant to G.S. 17C-6, and identifying or classifying misdemeanors for purposes of certification eligibility and continued eligibility under G.S. 17C-6(a)(3) and G.S. 17C-1.

(6b) The Sheriffs' Education and Training Standards Commission with respect to establishing minimum ~~standards~~ standards, all course-related materials for entry-level and in-service training for justice officers under G.S. 17E-4(a)(11)-training, and all other Commission courses pursuant to G.S. 17E-4, and identifying or classifying misdemeanors for purposes of certification eligibility and continued eligibility under G.S. 17E-4(a)(3) and G.S. 17E-9.

...."

**ALLOWING FOR EXPEDITED PROCESS IN CERTAIN LAW ENFORCEMENT
OFFICER CERTIFICATION DETERMINATIONS**

SECTION 18.4. The Criminal Justice Education and Training Standards Commission and the Sheriffs' Education and Training Standards Commission may adopt temporary rules under G.S. 150B-21.1 to provide an expedited procedure allowing criminal justice officers and justice officers currently certified in this State or another state, or who have been certified within the previous 12-month period in this State or another state, to transfer the certification to a different criminal justice agency within this State. If either Commission adopts a temporary rule pursuant to this section, that Commission shall adopt a corresponding permanent rule by June 30, 2025.

PART XIX. ADULT CORRECTION [RESERVED]

PART XIX-A. DEPARTMENT OF ADULT CORRECTION ADMINISTRATION

AMEND REPORTING REQUIREMENTS

SECTION 19A.1.(a) G.S. 20-196.5 is recodified as G.S. 143B-1504 and reads as rewritten:

"§ 143B-1504. Report on gang prevention recommendations.

The ~~State Highway Patrol, Department of Adult Correction,~~ in conjunction with the State Bureau of Investigation and the Governor's Crime Commission, shall develop recommendations concerning the establishment of priorities and needed improvements with respect to gang prevention and shall report those recommendations to the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety and to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety on or before March 1 of each year."

SECTION 19A.1.(b) G.S. 143B-1470(c) reads as rewritten:

"(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~~ on all of the following:

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

...

(4a) The volume of scheduled and emergent services listed by hospital and, of that volume, the number of those services that are provided by contracted and noncontracted providers.

(4b) The volume of scheduled and emergent admissions listed by hospital and, of that volume, the percentage of those services that are provided by contracted and noncontracted providers.

(5) The volume of inpatient medical services provided to Medicaid-eligible inmates, the cost of treatment, the estimated savings of paying the nonfederal portion of Medicaid for the services, and the length of time between the date the claim was filed and the date the claim was paid.

(5a) The status of the implementation of the claims processing system and efforts to address the backlog of unpaid claims.

(6) The hospital utilization, including the amount paid to individual hospitals, the number of inmates served, the number of claims, and whether the hospital was a contracted or noncontracted facility.

(7) The total cost and volume for the previous fiscal quarter for emergency room visits originating from Central Prison and NCCIW Hospitals to UNC Hospitals, UNC Rex Healthcare, and WakeMed Hospital.

(8) The total payments for Medicaid and nonMedicaid eligible inmates to UNC Hospitals, UNC Rex Healthcare, and WakeMed Hospital, including the number of days between the date the claim was filed and the date the claim was paid.

(9) A list of hospitals under contract.

(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."

SECTION 19A.1.(c) This section is effective when it becomes law and applies to reports submitted on or after that date.

FURTHER DELINEATE REIMBURSEMENT PROCEDURES FOR ROADWAY CLEANUP PROGRAM

SECTION 19A.2.(a) Section 19C.10 of S.L. 2021-180 reads as rewritten:

"SECTION 19C.10.(a) Notwithstanding G.S. 162-58, and consistent with the provisions of Article 3 of Chapter 148 of the General Statutes, sheriffs having custody of inmates under the Statewide Misdemeanant Confinement Program may utilize those inmates to maintain the cleanliness of areas along local and State roadways.

"SECTION 19C.10.(b) For purposes of this section, the following definitions shall apply:

(1) Housing night. – A night spent by an individual inmate in the custody of the sheriff pursuant to the Statewide Misdemeanant Confinement Program.

~~(4)~~(2) Road mile. – A section of roadside equaling 1 mile in length, not including any roadsides that are parallel to that section.

~~(2)~~(3) Work hour. – An hour worked by an individual inmate, including time spent traveling to and from work sites and break time taken during work efforts.

1 **"SECTION 19C.10.(c)** A sheriff that utilizes inmates pursuant to subsection (a) of this
2 section shall coordinate with the Department of Transportation before and after a cleanup project
3 to ensure that cleanup efforts are not unnecessarily duplicated by either the sheriff's office or the
4 Department of Transportation. The sheriff shall also ensure that all inmates utilized pursuant to
5 this subsection are appropriately guarded while working and that food, water, and bathroom
6 facilities are accessible in reasonable amounts and times.

7 **"SECTION 19C.10.(d)** A sheriff that utilizes inmate labor pursuant to subsection (a) of this
8 section for a combined total of ~~500~~ work hours in one calendar month exceeding the minimum
9 required work hours under subsection (d1) of this section shall submit a record documenting
10 those work hours and the corresponding road miles to the North Carolina Sheriffs' ~~Association~~
11 ~~and Association~~. A sheriff meeting the requirements of this section shall be reimbursed by the
12 Statewide Misdemeanant Confinement Program for caring for and housing the inmates of the
13 Statewide Misdemeanant Confinement Program at a rate of at least ~~sixty-seventy~~ dollars ~~(\$60.00)~~
14 ~~(\$70.00)~~ per day, per inmate held under the Statewide Misdemeanant Confinement Program for
15 each calendar month in which ~~500~~ the minimum required work hours were completed.
16 Participating sheriffs shall comply with all requirements established by the Statewide
17 Misdemeanant Confinement Program necessary to certify ~~the work hours worked~~ and housing
18 nights and to confirm funding availability. This increased reimbursement rate shall be paid to
19 participating sheriffs only until the funds that have been specifically appropriated by the General
20 Assembly for this purpose are exhausted. Funds allocated under this section shall not revert but
21 shall be available until expended.

22 **"SECTION 19C.10.(d1)** The minimum required work hours to be reimbursed at the
23 increased rate per day under subsection (d) of this section shall be as follows:

- 24 (1) Fifty work hours, if the sheriff did not exceed 100 housing nights in the
25 calendar month three months prior to the calendar month in which the work
26 hours occur.
- 27 (2) One hundred fifty work hours, if the sheriff totals 101 to 200 housing nights
28 in the calendar month three months prior to the calendar month in which the
29 work hours occur.
- 30 (3) Two hundred fifty work hours, if the sheriff totals 201 to 300 housing nights
31 in the calendar month three months prior to the calendar month in which the
32 work hours occur.
- 33 (4) Three hundred fifty work hours, if the sheriff totals 301 to 400 housing nights
34 in the calendar month three months prior to the calendar month in which the
35 work hours occur.
- 36 (5) Four hundred fifty work hours, if the sheriff totals 401 to 500 housing nights
37 in the calendar month three months prior to the calendar month in which the
38 work hours occur.
- 39 (6) Five hundred work hours, if the sheriff exceeds 500 housing nights in the
40 calendar month three months prior to the calendar month in which the work
41 hours occur.

42 **"SECTION 19C.10.(e)** The North Carolina Sheriffs' Association shall report no later than
43 the fifteenth day of each month to the Office of State Budget and Management and the Fiscal
44 Research Division regarding (i) the counties with sheriffs' offices that utilized inmate labor
45 pursuant to subsection (a) of this section, (ii) the number of total work hours performed by
46 inmates in each participating county, ~~and~~ (iii) the number of road miles cleaned by inmates in
47 each participating ~~county~~ county, and (iv) the number of housing nights logged in each
48 participating county.

49 **"SECTION 19C.10.(f)** The North Carolina Sheriffs' Association shall report no later than
50 October 1 of each year to the chairs of the House of Representatives Appropriations Committee
51 on Justice and Public Safety, the chairs of the Senate Appropriations Committee on Justice and

Public Safety, the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety, and the chairs of the Joint Legislative Transportation Oversight Committee regarding (i) the counties with sheriffs' offices that utilized inmate labor pursuant to subsection (a) of this section, (ii) the number of total work hours performed by inmates in each participating county, ~~and~~ (iii) the number of road miles cleaned by inmates in each participating ~~county~~ county, and (iv) the number of housing nights logged in each participating county.

"SECTION 19C.10.(g) This section is effective when it becomes law."

SECTION 19A.2.(b) This section is effective when it becomes law and applies to work hours performed in the next calendar month after this section becomes effective.

PART XIX-B. PRISONS [RESERVED]

PART XIX-C. COMMUNITY SUPERVISION [RESERVED]

PART XIX-D. REHABILITATION AND REENTRY [RESERVED]

PART XIX-E. PUBLIC SAFETY [RESERVED]

PART XIX-F. DEPARTMENT OF PUBLIC SAFETY ADMINISTRATION [RESERVED]

PART XIX-G. LAW ENFORCEMENT

AUTHORIZE STATE HIGHWAY PATROL TO PROVIDE ASSISTANCE TO OTHER LAW ENFORCEMENT AGENCIES

SECTION 19G.1. G.S. 20-195 reads as rewritten:

"§ 20-195. Cooperation between Patrol and local officers.

(a) The Secretary of Public Safety with the approval of the Governor, through the State Highway Patrol, shall encourage the cooperation between the Highway Patrol and the several municipal and county peace officers of the State for the enforcement of all traffic laws and the proper administration of the Uniform Drivers' License Law, and arrangements for compensation of special services rendered by such local officers out of the funds allotted to the State Highway Patrol may be made, subject to the approval of the Director of the Budget.

(b) Members of the State Highway Patrol are officers of a "law enforcement agency" for purposes of G.S. 160A-288, and the Secretary of Public Safety, with the approval of the Governor, shall have the same authority as a city or county governing body to approve cooperation between law enforcement agencies under that section."

TECHNICAL CORRECTIONS RELATED TO MAKING THE STATE BUREAU OF INVESTIGATION AN INDEPENDENT DEPARTMENT

SECTION 19G.2.(a) Parts 1 through 4 of Article 27A of Chapter 14 of the General Statutes read as rewritten:

"Part 1. Registration Programs, Purpose and Definitions Generally.

...

"§ 14-208.6. Definitions.

The following definitions apply in this Article:

...

(1e) ~~Department. — The Department of Public Safety.~~

...

(4) Reportable conviction. — Any of the following:

- a. A final conviction for an offense against a minor, a sexually violent offense, or an attempt to commit any of those offenses unless the conviction is for aiding and abetting. A final conviction for aiding and abetting is a reportable conviction only if the court sentencing the individual finds that the registration of that individual under this Article furthers the purposes of this Article as stated in G.S. 14-208.5.
 - b. A final conviction in another state of an offense, which if committed in this State, is substantially similar to an offense against a minor or a sexually violent offense as defined by this section, or a final conviction in another state of an offense that requires registration under the sex offender registration statutes of that state.
 - c. A final conviction in a federal jurisdiction (including a court martial) of an offense, which is substantially similar to an offense against a minor or a sexually violent offense as defined by this section.
 - d. A final conviction for a violation of G.S. 14-202(d), (e), (f), (g), or (h), or a second or subsequent conviction for a violation of G.S. 14-202(a), (a1), or (c), only if the court sentencing the individual issues an order pursuant to G.S. 14-202(l) requiring the individual to register.
 - e. A final conviction for a violation of G.S. 14-43.14, only if the court sentencing the individual issues an order pursuant to G.S. 14-43.14(e) requiring the individual to register.
 - f. A final conviction in a State court-martial proceeding imposing confinement under G.S. 127A-48 or G.S. 127A-49 for an offense which is substantially similar to an offense against a minor or a sexually violent offense as defined in this section.
- (4a) SBI. – The North Carolina State Bureau of Investigation.
- (5) Sexually violent offense. – A violation of former G.S. 14-27.6 (attempted rape or sexual offense), G.S. 14-27.21 (first-degree forcible rape), G.S. 14-27.22 (second-degree forcible rape), G.S. 14-27.23 (statutory rape of a child by an adult), G.S. 14-27.24 (first-degree statutory rape), G.S. 14-27.25(a) (statutory rape of a person who is 15 years of age or younger and where the defendant is at least six years older), G.S. 14-27.26 (first-degree forcible sexual offense), G.S. 14-27.27 (second-degree forcible sexual offense), G.S. 14-27.28 (statutory sexual offense with a child by an adult), G.S. 14-27.29 (first-degree statutory sexual offense), G.S. 14-27.30(a) (statutory sexual offense with a person who is 15 years of age or younger and where the defendant is at least six years older), G.S. 14-27.31 (sexual activity by a substitute parent or custodian), G.S. 14-27.32 (sexual activity with a student), G.S. 14-27.33 (sexual battery), G.S. 14-43.11 (human trafficking) if (i) the offense is committed against a minor who is less than 18 years of age or (ii) the offense is committed against any person with the intent that they be held in sexual servitude, G.S. 14-43.13 (subjecting or maintaining a person for sexual servitude), G.S. 14-178 (incest between near relatives), G.S. 14-190.6 (employing or permitting minor to assist in offenses against public morality and decency), G.S. 14-190.9(a1) (felonious indecent exposure), G.S. 14-190.16 (first degree sexual exploitation of a minor), G.S. 14-190.17 (second degree sexual exploitation of a minor), G.S. 14-190.17A (third degree sexual exploitation of a minor), G.S. 14-202.1 (taking indecent liberties with children), G.S. 14-202.3 (Solicitation of child by computer or certain other electronic devices to commit an unlawful sex act), G.S. 14-202.4(a) (taking indecent liberties with a student), G.S. 14-205.2(c) or (d) (patronizing a

prostitute who is a minor or has a mental disability), G.S. 14-205.3(b) (promoting prostitution of a minor or a person who has a mental disability), G.S. 14-318.4(a1) (parent or caretaker commit or permit act of prostitution with or by a juvenile), or G.S. 14-318.4(a2) (commission or allowing of sexual act upon a juvenile by parent or guardian). The term also includes the following: a solicitation or conspiracy to commit any of these offenses; aiding and abetting any of these offenses.

...

(8) Statewide registry. – The central registry compiled by the ~~Department~~ SBI in accordance with G.S. 14-208.14.

...

"Part 2. Sex Offender and Public Protection Registration Program.

"§ 14-208.7. Registration.

...

(b) The ~~Department of Public Safety~~ SBI shall provide each sheriff with forms for registering persons as required by this Article. The registration form shall require all of the following:

- (1) The person's full name, each alias, date of birth, sex, race, height, weight, eye color, hair color, drivers license number, and home address.
- (1a) A statement indicating what the person's name was at the time of the conviction for the offense that requires registration; what alias, if any, the person was using at the time of the conviction of that offense; and the name of the person as it appears on the judgment imposing the sentence on the person for the conviction of the offense.
- (2) The type of offense for which the person was convicted, the date of conviction, and the sentence imposed.
- (3) A current photograph taken by the sheriff, without charge, at the time of registration.
- (4) The person's fingerprints taken by the sheriff, without charge, at the time of registration.
- (5) A statement indicating whether the person is a student or expects to enroll as a student within a year of registering. If the person is a student or expects to enroll as a student within a year of registration, then the registration form shall also require the name and address of the educational institution at which the person is a student or expects to enroll as a student.
- (6) A statement indicating whether the person is employed or expects to be employed at an institution of higher education within a year of registering. If the person is employed or expects to be employed at an institution of higher education within a year of registration, then the registration form shall also require the name and address of the educational institution at which the person is or expects to be employed.
- (7) Any online identifier that the person uses or intends to use.

(c) When a person registers, the sheriff with whom the person registered shall immediately send the registration information to the ~~Department of Public Safety~~ SBI in a manner determined by the ~~Department of Public Safety~~ SBI. The sheriff shall retain the original registration form and other information collected and shall compile the information that is a public record under this Part into a county registry.

...

"§ 14-208.8. Prerelease notification.

(a) At least 10 days, but not earlier than 30 days, before a person who will be subject to registration under this Article is due to be released from a penal institution, an official of the penal institution shall do all of the following:

- (1) Inform the person of the person's duty to register under this Article and require the person to sign a written statement that the person was so informed or, if the person refuses to sign the statement, certify that the person was so informed.
- (2) Obtain the registration information required under G.S. 14-208.7(b)(1), (2), (5), (6), and (7), as well as the address where the person expects to reside upon the person's release.
- (3) Send the ~~Department of Public Safety~~ SBI and the sheriff of the county in which the person expects to reside the information collected in accordance with subdivision (2) of this subsection.

...
"§ 14-208.8A. Notification requirement for out-of-county employment if temporary residence established.

...
(c) Notice to ~~Department of Public Safety~~ SBI. – Upon receiving the notice required under subsection (a) of this section, the sheriff shall immediately forward the information to the ~~Department of Public Safety~~ SBI. The ~~Department of Public Safety~~ SBI shall notify the sheriff of the county where the person is working and maintaining a temporary residence of the person's place of employment and temporary address in that county.

"§ 14-208.9. Change of address; change of academic status or educational employment status; change of online identifier; change of name.

(a) If a person required to register changes address, the person shall report in person and provide written notice of the new address not later than the third business day after the change to the sheriff of the county with whom the person had last registered. If the person moves to another county, the person shall also report in person to the sheriff of the new county and provide written notice of the person's address not later than the tenth day after the change of address. Upon receipt of the notice, the sheriff shall immediately forward this information to the ~~Department of Public Safety~~ SBI. When the ~~Department of Public Safety~~ SBI receives notice from a sheriff that a person required to register is moving to another county in the State, the ~~Department of Public Safety~~ SBI shall inform the sheriff of the new county of the person's new residence.

(b) If a person required to register intends to move to another state, the person shall report in person to the sheriff of the county of current residence at least three business days before the date the person intends to leave this State to establish residence in another state or jurisdiction. The person shall provide to the sheriff a written notification that includes all of the following information: the address, municipality, county, and state of intended residence.

- (1) If it appears to the sheriff that the record photograph of the sex offender no longer provides a true and accurate likeness of the sex offender, then the sheriff shall take a photograph of the offender to update the registration.
- (2) The sheriff shall inform the person that the person must comply with the registration requirements in the new state of residence. The sheriff shall also immediately forward the information included in the notification to the ~~Department of Public Safety~~ SBI and the ~~Department of Public Safety~~ SBI shall inform the appropriate state official in the state to which the registrant moves of the person's notification and new address.

(b1) A person who indicates his or her intent to reside in another state or jurisdiction and later decides to remain in this State shall, within three business days after the date upon which the person indicated he or she would leave this State, report in person to the sheriff's office to which the person reported the intended change of residence, of his or her intent to remain in this

State. If the sheriff is notified by the sexual offender that he or she intends to remain in this State, the sheriff shall promptly report this information to the ~~Department of Public Safety~~SBI.

(c) If a person required to register changes his or her academic status either by enrolling as a student or by terminating enrollment as a student, then the person shall, within three business days, report in person to the sheriff of the county with whom the person registered and provide written notice of the person's new status. The written notice shall include the name and address of the institution of higher education at which the student is or was enrolled. The sheriff shall immediately forward this information to the ~~Department of Public Safety~~SBI.

(d) If a person required to register changes his or her employment status either by obtaining employment at an institution of higher education or by terminating employment at an institution of higher education, then the person shall, within three business days, report in person to the sheriff of the county with whom the person registered and provide written notice of the person's new status not later than the tenth day after the change to the sheriff of the county with whom the person registered. The written notice shall include the name and address of the institution of higher education at which the person is or was employed. The sheriff shall immediately forward this information to the ~~Department of Public Safety~~SBI.

(e) If a person required to register changes an online identifier, or obtains a new online identifier, then the person shall, within 10 days, report in person to the sheriff of the county with whom the person registered to provide the new or changed online identifier information to the sheriff. The sheriff shall immediately forward this information to the ~~Department of Public Safety~~SBI.

(f) If a person required to register changes his or her name pursuant to Chapter 101 of the General Statutes or by any other method, then the person shall, within three business days, report in person to the sheriff of the county with whom the person registered to provide the name change to the sheriff. The sheriff shall immediately forward this information to the ~~Department of Public Safety~~SBI.

"§ 14-208.9A. Verification of registration information.

(a) The information in the county registry shall be verified semiannually for each registrant as follows:

- (1) Every year on the anniversary of a person's initial registration date, and again six months after that date, the ~~Department of Public Safety~~SBI shall mail a nonforwardable verification form to the last reported address of the person.

...

"§ 14-208.12A. Request for termination of registration requirement.

...

(a3) If the court denies the petition, the person may again petition the court for relief in accordance with this section one year from the date of the denial of the original petition to terminate the registration requirement. If the court grants the petition to terminate the registration requirement, the clerk of court shall forward a certified copy of the order to the ~~Department of Public Safety~~SBI to have the person's name removed from the registry.

...

"§ 14-208.12B. Registration requirement review.

...

(i) No sheriff, or employee of a sheriffs' office, district attorney's office, or the ~~North Carolina State Bureau of Investigation~~SBI shall incur any civil or criminal liability under North Carolina law as the result of the performance of official duties under this Article.

"§ 14-208.13. File with Criminal Information Network.

(a) The ~~Department of Public Safety~~SBI shall include the registration information in the Criminal Information Network as set forth in ~~G.S. 143B-905~~G.S. 143B-1208.15.

(b) The ~~Department of Public Safety~~SBI shall maintain the registration information permanently even after the registrant's reporting requirement expires.

"§ 14-208.14. **Statewide registry; ~~Department of Public Safety~~ SBI designated custodian of statewide registry.**

(a) The ~~Department of Public Safety~~ SBI shall compile and keep current a central statewide sex offender registry. The ~~Department~~ SBI is the State agency designated as the custodian of the statewide registry. As custodian the ~~Department~~ SBI has the following responsibilities:

- (1) To receive from the sheriff or any other law enforcement agency or penal institution all sex offender registrations, changes of address, changes of academic or educational employment status, and prerelease notifications required under this Article or under federal law. The ~~Department~~ SBI shall also receive notices of any violation of this Article, including a failure to register or a failure to report a change of address.
- (2) To provide all need-to-know law enforcement agencies (local, State, campus, federal, and those located in other states) immediately upon receipt by the ~~Department~~ SBI of any of the following: registration information, a prerelease notification, a change of address, a change of academic or educational employment status, or notice of a violation of this Article.
- (2a) To notify the appropriate law enforcement unit at an institution of higher education as soon as possible upon receipt by the ~~Department~~ SBI of relevant information based on registration information or notice of a change of academic or educational employment status. If an institution of higher education does not have a law enforcement unit, then the ~~Department~~ SBI shall provide the information to the local law enforcement agency that has jurisdiction for the campus.
- (3) To coordinate efforts among law enforcement agencies and penal institutions to ensure that the registration information, changes of address, change of name, prerelease notifications, and notices of failure to register or to report a change of address are conveyed in an appropriate and timely manner.
- (4) To provide public access to the statewide registry in accordance with this Article.
- (4a) To maintain the system for public access so that a registrant's full name, any aliases, and any legal name changes are cross-referenced and a member of the public may conduct a search of the system for a registrant under any of those names.
- (5) To maintain a system allowing an entity to access a list of online identifiers of persons in the central sex offender registry.

...

"§ 14-208.15. **Certain statewide registry information is public record: access to statewide registry.**

(a) The information in the statewide registry that is public record is the same as in G.S. 14-208.10. The ~~Department of Public Safety~~ SBI shall release any other relevant information that is necessary to protect the public concerning a specific person, but shall not release the identity of the victim of the offense that required registration under this Article.

(b) The ~~Department of Public Safety~~ SBI shall provide free public access to automated data from the statewide registry, including photographs provided by the registering sheriffs, via the Internet. The public will be able to access the statewide registry to view an individual registration record, a part of the statewide registry, or all of the statewide registry. The ~~Department of Public Safety~~ SBI may also provide copies of registry information to the public upon written request and may charge a reasonable fee for duplicating costs and mailings costs.

(c) Upon request of an institution of higher education, the Sheriff of the county in which the educational institution is located shall provide a report containing the registry information for

any registrant who has stated that the registrant is a student or employee, or expects to become a student or employee, of that institution of higher education. The ~~Department of Public Safety SBI~~ shall provide each sheriff with the ability to generate the report from the statewide registry. The report shall be provided electronically without charge. The institution of higher education may receive a written report upon payment of reasonable duplicating costs and mailing costs.

"§ 14-208.15A. Release of online identifiers to entity; fee.

(a) The ~~Department of Public Safety SBI~~ may release registry information regarding a registered offender's online identifier to an entity for the purpose of allowing the entity to prescreen users or to compare the online identifier information with information held by the entity as provided by this section.

(b) An entity desiring to prescreen its users or compare its database of registered users to the list of online identifiers of persons in the statewide registry may apply to the ~~Department of Public Safety SBI~~ to access the information. An entity that complies with the criteria developed by the ~~Department of Public Safety SBI~~ regarding the release and use of the online identifier information and pays the fee may screen new users or compare its database of registered users to the list of online identifiers of persons in the statewide registry as frequently as the ~~Department of Public Safety SBI~~ may allow for the purpose of identifying a registered user associated with an online identifier contained in the statewide registry.

(c) The ~~Department of Public Safety SBI~~ may charge an entity that submits a request for the online identifiers of persons in the statewide registry an annual fee of one hundred dollars (\$100.00). Fees collected under this section shall be credited to the ~~Department of Public Safety SBI~~ and applied to the cost of providing this service.

(d) The ~~Department of Public Safety SBI~~ shall develop standards regarding the release and use of online identifier information. The standards shall include a requirement that the information obtained from the statewide registry shall not be disclosed for any purpose other than for prescreening its users or comparing the database of registered users of the entity against the list of online identifiers of persons in the statewide registry.

...

"Part 3. Sexually Violent Predator Registration Program.

...

"§ 14-208.22. Additional registration information required.

...

(b) The ~~Department of Public Safety SBI~~ shall provide each sheriff with forms for registering persons as required by this Article.

...

"Part 4. Registration of Certain Juveniles Adjudicated for Committing Certain Offenses.

...

"§ 14-208.27. Change of address.

If a juvenile who is adjudicated delinquent and required to register changes address, the juvenile court counselor for the juvenile shall provide written notice of the new address not later than the third business day after the change to the sheriff of the county with whom the juvenile had last registered. Upon receipt of the notice, the sheriff shall immediately forward this information to the ~~Department of Public Safety SBI~~. If the juvenile moves to another county in this State, the ~~Department of Public Safety SBI~~ shall inform the sheriff of the new county of the juvenile's new residence.

...

"§ 14-208.31. File with Criminal Information Network.

(a) The ~~Department of Public Safety SBI~~ shall include the registration information in the Criminal Information Network as set forth in ~~G.S. 143B-905~~. G.S. 143B-1208.15.

(b) The ~~Department of Public Safety~~ SBI shall maintain the registration information permanently even after the registrant's reporting requirement expires; however, the records shall remain confidential in accordance with Article 32 of Chapter 7B of the General Statutes.
...."

SECTION 19G.2.(b) G.S. 143B-905 is recodified as G.S. 143B-1208.15 and reads as rewritten:

"§ 143B-1208.15. Criminal Information Network.

(a) The ~~Department of Public Safety~~ State Bureau of Investigation is authorized to establish, devise, maintain and operate a system for receiving and disseminating to participating agencies information collected, maintained and ~~correlated under authority of G.S. 143B-902.~~ correlated. The system shall be known as the Criminal Information Network.

(b) The ~~Department of Public Safety~~ State Bureau of Investigation is authorized to cooperate with the Division of Motor Vehicles, Department of Administration, and other State, local and federal agencies and organizations in carrying out the purpose and intent of this section, and to utilize, in cooperation with other State agencies and to the extent as may be practical, computers and related equipment as may be operated by other State agencies.

(c) The ~~Department of Public Safety~~ State Bureau of Investigation, after consultation with participating agencies, shall adopt rules and regulations governing the organization and administration of the Criminal Information Network, including rules and regulations governing the types of information relating to the administration of criminal justice to be entered into the system, and who shall have access to such information. The rules and regulations governing access to the Criminal Information Network shall not prohibit an attorney who has entered a criminal proceeding in accordance with G.S. 15A-141 from obtaining information relevant to that criminal proceeding. The rules and regulations governing access to the Criminal Information Network shall not prohibit an attorney who represents a person in adjudicatory or dispositional proceedings for an infraction from obtaining the person's driving record or criminal history.

(d) The ~~Department~~ Bureau may impose monthly fees on participating agencies. The monthly fees collected under this subsection shall be used to offset the cost of operating and maintaining the Criminal Information Network.

(1) The ~~Department~~ Bureau may impose a monthly circuit fee on agencies that access the Criminal Information Network through a circuit maintained and operated by the ~~Department of Public Safety~~ State Bureau of Investigation. The amount of the monthly fee is three hundred dollars (\$300.00) plus an additional fee amount for each device linked to the Network. The additional fee amount varies depending upon the type of device. For a desktop device after the first seven desktop devices, the additional monthly fee is twenty-five dollars (\$25.00) per device. For a mobile device, the additional monthly fee is twelve dollars (\$12.00) per device.

(2) The ~~Department~~ Bureau may impose a monthly device fee on agencies that access the Criminal Information Network through some other approved means. The amount of the monthly device fee varies depending upon the type of device. For a desktop device, the monthly fee is twenty-five dollars (\$25.00) per device. For a mobile device, the fee is twelve dollars (\$12.00) per device."

SECTION 19G.2.(c) G.S. 143B-901 is recodified as G.S. 143B-1208.16 and reads as rewritten:

"§ 143B-1208.16. Reporting system and database on certain domestic-violence-related homicides; reports by law enforcement agencies required; annual report to the General Assembly.

The ~~Department of Public Safety~~ State Bureau of Investigation, in consultation with the North Carolina Council for Women/Domestic Violence Commission, the North Carolina

Sheriffs' Association, and the North Carolina Association of Chiefs of Police, shall develop a reporting system and database that reflects the number of homicides in the State where the offender and the victim had a personal relationship, as defined by G.S. 50B-1(b). The information in the database shall also include the type of personal relationship that existed between the offender and the victim, whether the victim had obtained an order pursuant to G.S. 50B-3, and whether there was a pending charge for which the offender was on pretrial release pursuant to G.S. 15A-534.1. All State and local law enforcement agencies shall report information to the ~~Department of Public Safety~~ State Bureau of Investigation upon making a determination that a homicide meets the reporting system's criteria. The report shall be made in the format adopted by the ~~Department of Public Safety~~ State Bureau of Investigation. The ~~Department of Public Safety~~ State Bureau of Investigation shall report to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety, no later than April 1 of each year, with the data collected for the previous calendar year."

SECTION 19G.2.(d) G.S. 143B-986 is recodified as G.S. 143B-1208.17.

SECTION 19G.2.(e) G.S. 143B-987 is recodified as G.S. 143B-1208.18 and reads as rewritten:

"§ 143B-1208.18. Authority to designate areas for protection of public officials.

(a) The Director of the State Bureau of Investigation is authorized to designate buildings and grounds which constitute temporary residences or temporary offices of any public official being protected under authority of ~~G.S. 143B-986~~, G.S. 143B-1208.17, or any area that will be visited by any such official, a public building or facility during the time of such use.

...."

SECTION 19G.2.(f) G.S. 14-132(c)(3) reads as rewritten:

"(3) Designated by the Director of the State Bureau of Investigation in accordance with ~~G.S. 143B-987~~ G.S. 143B-1208.18."

SECTION 19G.2.(g) G.S. 143B-1325(c)(13)a. is repealed.

SECTION 19G.2.(h) Section 38.4(a) of S.L. 2023-134 reads as rewritten:

"SECTION 38.4.(a) In accordance with G.S. 143B-1325(c)(13), and notwithstanding any other provision of Article 15 of Chapter 143B of the General Statutes to the contrary, the State Highway ~~Patrol, the State Bureau of Investigation, Patrol~~ and the Division of Emergency Management within the Department of Public Safety shall continue to be entirely exempt from any and all information technology oversight by the Department of Public Safety and the Department of Information Technology. The State Highway ~~Patrol, the State Bureau of Investigation, Patrol~~ and the Division of Emergency Management shall initiate a pilot project where those divisions shall be deemed as separate, stand-alone entities within the Department of Public Safety in all matters related to information technology, and each shall autonomously manage their own respective information technology infrastructure and all associated services without oversight from the Department of Information Technology or the Department of Public Safety. Exemption from information technology oversight includes, but is not limited to, the following:

...."

SECTION 19G.2.(i) G.S. 74F-6(16) reads as rewritten:

"(16) Request that the State Bureau of Investigation conduct criminal history record checks of applicants for licensure and apprenticeships pursuant to ~~G.S. 143B-1209.26~~ G.S. 143B-1209.27."

SECTION 19G.2.(j) G.S. 90-356(15) reads as rewritten:

"(15) Request that the State Bureau of Investigation conduct criminal history record checks of applicants for licensure pursuant to ~~G.S. 143B-1209.47~~ G.S. 143B-1209.52."

SECTION 19G.2.(k) G.S. 120-32(2a) reads as rewritten:

"(2a) Obtain a criminal history record check of a prospective employee, volunteer, or contractor of the General Assembly and lobbyists and liaison personnel registered under Chapter 120C of the General Statutes. The criminal history record check shall be conducted by the State Bureau of Investigation as provided in ~~G.S. 143B-973~~. G.S.143B-1209.55. The criminal history report shall be provided to the Legislative Services Officer and is not a public record under Chapter 132 of the General Statutes."

SECTION 19G.2.(l) G.S. 143-143.10(b)(6) reads as rewritten:

"(6) To request that the State Bureau of Investigation conduct criminal history checks of applicants for licensure pursuant to ~~G.S. 143B-1209.24~~. G.S. 143B-1209.25."

SECTION 19G.2.(m) G.S. 143B-1209.50(b) reads as rewritten:

"(b) The State Bureau of Investigation may provide to the Executive Director of the State Board a current or prospective employee's criminal history from the State and National Repositories of Criminal Histories. The ~~Department of Public Safety Bureau~~ may provide the criminal history record check report regarding any prospective appointee for the position of Executive Director to the chair of the State Board in accordance with G.S. 163-27(a) or to the chair or chairs of each standing committee handling the legislation regarding the appointment of the Executive Director in accordance with G.S. 163-27(b). The Executive Director shall provide to the Bureau, along with the request, the fingerprints of the current or prospective employee, a form signed by the current or prospective employee consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the Bureau. The fingerprints of the current or prospective employee shall be used for a search of the State's criminal history record file, and the Bureau shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check."

SECTION 19G.2.(n) G.S. 153A-94.2 reads as rewritten:

"§ 153A-94.2. Criminal history record checks of employees permitted.

The board of commissioners may adopt or provide for rules and regulations or ordinances concerning a requirement that any applicant for employment be subject to a criminal history record check of State and National Repositories of Criminal Histories conducted by the State Bureau of Investigation in accordance with ~~G.S. 143B-1209.25~~. G.S. 143B-1209.26. The local or regional public employer may consider the results of these criminal history record checks in its hiring decisions."

SECTION 19G.2.(o) G.S. 153A-233 reads as rewritten:

"§ 153A-233. Fire-fighting and prevention services.

A county may establish, organize, equip, support, and maintain a fire department; may prescribe the duties of the fire department; may provide financial assistance to nonprofit volunteer fire departments; may contract for fire-fighting or prevention services with one or more counties, cities or other units of local government, nonprofit volunteer fire departments, or with an agency of the State government; and may for these purposes appropriate funds not otherwise limited as to use by law. A county shall ensure that any county, city or other unit of local government, or nonprofit volunteer fire department with whom the county contracts for fire-fighting or prevention services shall obtain a criminal history record check for an applicant prior to offering that applicant a paid or volunteer position providing fire-fighting or prevention services. The criminal history record check shall be conducted and evaluated as provided in ~~G.S. 143B-1209.23~~. G.S. 143B-1209.24. The county may also designate fire districts or parts of existing districts and prescribe the boundaries thereof for insurance grading purposes."

SECTION 19G.2.(p) G.S. 153A-234(b) reads as rewritten:

"(b) The fire marshal shall obtain a criminal history record check for an applicant prior to offering that applicant a paid or volunteer position with the fire department. The criminal history

record check shall be conducted and evaluated as provided in
~~G.S. 143B-1209.23~~G.S. 143B-1209.24."

SECTION 19G.2.(q) G.S. 160A-164.2 reads as rewritten:

"§ 160A-164.2. Criminal history record check of employees permitted.

The council may adopt or provide for rules and regulations or ordinances concerning a requirement that any applicant for employment be subject to a criminal history record check of State and National Repositories of Criminal Histories conducted by the State Bureau of Investigation in accordance with ~~G.S. 143B-1209.25~~, G.S. 143B-1209.26. The city may consider the results of these criminal history record checks in its hiring decisions."

SECTION 19G.2.(r) G.S. 160A-292(b) reads as rewritten:

"(b) The fire chief shall obtain a criminal history record check for an applicant prior to offering that applicant a paid or volunteer position with the fire department. The criminal history record check shall be conducted and evaluated as provided in
~~G.S. 143B-1209.23~~G.S. 143B-1209.24."

SECTION 19G.2.(s) G.S. 163-27.2(b) reads as rewritten:

"(b) A criminal history record check shall be required of all current or prospective permanent or temporary employees of the State Board and all current or prospective county directors of elections, which shall be conducted by the State Bureau of Investigation as provided in ~~G.S. 143B-1209.49~~, ~~G.S. 143B-1209.49(d)~~, ~~G.S. 143B-969~~, G.S. 143B-1209.50. A criminal history record check report received in accordance with ~~G.S. 143B-969~~ G.S. 143B-1209.50 is not a public record under Chapter 132 of the General Statutes."

SECTION 19G.2.(t) G.S. 163-35(b) reads as rewritten:

"(b) Appointment, Duties; Termination. – Upon receipt of a nomination from the county board of elections stating that the nominee for director of elections is submitted for appointment upon majority selection by the county board of elections the Executive Director shall issue a letter of appointment of such nominee to the chairman of the county board of elections within 10 days after receipt of the nomination, unless good cause exists to decline the appointment. The Executive Director may delay the issuance of appointment for a reasonable time if necessary to obtain a criminal history records check sought under ~~G.S. 143B-1209.49~~, G.S. 143B-1209.50. The Executive Director shall apply the standards provided in G.S. 163-27.2 in determining whether a nominee with a criminal history shall be selected. If the Executive Director determines a nominee shall not be selected and does not issue a letter of appointment, the decision of the Executive Director of the State Board shall be final unless the decision is, within 10 days from the official date on which it was made, deferred by the State Board. If the State Board defers the decision, then the State Board shall make a final decision on appointment of the director of elections and may direct the Executive Director to issue a letter of appointment. If an Executive Director issues a letter of appointment, the county board of elections shall enter in its official minutes the specified duties, responsibilities and designated authority assigned to the director by the county board of elections. The specified duties and responsibilities shall include adherence to the duties delegated to the county board of elections pursuant to G.S. 163-33. A copy of the specified duties, responsibilities and designated authority assigned to the director shall be filed with the State Board of Elections. In the event the Executive Director is recused due to an actual or apparent conflict of interest from rendering a decision under this section, the chair and vice-chair of the State Board shall designate a member of staff to fulfill those duties."

SECTION 19G.2.(u) G.S. 163-37.1(b) reads as rewritten:

"(b) The county board of elections shall require a criminal history record check of all current or prospective employees, which shall be conducted by the State Bureau of Investigation as provided in ~~G.S. 143B-1209.50~~, ~~G.S. 143B-970~~, G.S. 143B-1209.51. A criminal history record check report received in accordance with ~~G.S. 143B-970~~ G.S. 143B-1209.51 is not a public record under Chapter 132 of the General Statutes."

1 **SECTION 19G.2.(v)** This section is effective when it becomes law and applies to
2 reports submitted, applications and requests received, and fees collected, on or after that date.

3
4 **TECHNICAL CORRECTION TO STATUTORY CROSS-REFERENCE**

5 **SECTION 19G.3.** G.S. 143B-393(a) reads as rewritten:

6 "(a) There is hereby created the North Carolina Council for Women and Youth
7 Involvement of the Department of Administration. The Council shall perform the following
8 functions and duties:

9 ...

10 (9) Consult with the Department of Public Safety on a reporting system and
11 database on certain domestic violence-related homicides, as provided in
12 ~~G.S. 143B-903.~~G.S. 143B-1208.16.

13 "

14
15 **ADD STATE BUREAU OF INVESTIGATION TO LAW GOVERNING THE USE OF**
16 **SEIZED AND FORFEITED ASSETS**

17 **SECTION 19G.4.(a)** Section 19G.2 of S.L. 2023-134 reads as rewritten:

18 "**SECTION 19G.2.(a)** Seized and forfeited assets transferred to the Department of Justice,
19 Department of Public Safety, State Bureau of Investigation, and Department of Adult Correction
20 during the 2023-2025 fiscal biennium pursuant to applicable federal law shall be credited to the
21 budget of the recipient department and shall result in an increase of law enforcement resources
22 for that department. The Department of Justice, Department of Public Safety, State Bureau of
23 Investigation, and Department of Adult Correction shall each make the following reports to the
24 chairs of the House of Representatives Appropriations Committee on Justice and Public Safety
25 and the Senate Appropriations Committee on Justice and Public Safety:

26 (1) A report upon receipt of any assets.

27 (2) A report that shall be made prior to use of the assets on their intended use and
28 the departmental priorities on which the assets may be expended.

29 (3) A report on receipts, expenditures, encumbrances, and availability of these
30 assets for the previous fiscal year, which shall be made no later than
31 September 1 of each year.

32 "**SECTION 19G.2.(b)** The General Assembly finds that the use of seized and forfeited assets
33 transferred pursuant to federal law for new personnel positions, new projects, acquisition of real
34 property, repair of buildings where the repair includes structural change, and construction of or
35 additions to buildings may result in additional expenses for the State in future fiscal periods.
36 Therefore, the Department of Justice, Department of Public Safety, State Bureau of Investigation,
37 and Department of Adult Correction are prohibited from using these assets for such purposes
38 without the prior approval of the General Assembly.

39 "

40 **SECTION 19G.4.(b)** This section is effective when it becomes law and applies to
41 assets seized and forfeited on or after that date.

42
43 **ADD STATE BUREAU OF INVESTIGATION AS SUBMITTER OF REPORT ON**
44 **VACANT POSITIONS**

45 **SECTION 19G.5.** G.S. 120-12.1 reads as rewritten:

46 "**§ 120-12.1. Reports on vacant positions in various departments.**

47 The Judicial Department, the Department of Justice, the Department of Adult Correction, the
48 State Bureau of Investigation, and the Department of Public Safety shall each report by February
49 1 of each year to the Chairs of the House and Senate Appropriations Committees and the Chairs
50 of the House and Senate Appropriations Subcommittees on Justice and Public Safety on all
51 positions within that department that have remained vacant for 12 months or more. The report

shall include the original position vacancy dates, the dates of any postings or repostings of the positions, and an explanation for the length of the vacancies."

TRANSFER CENTER FOR SAFER SCHOOLS AND THE TASK FORCE FOR SAFER SCHOOLS TO THE STATE BUREAU OF INVESTIGATION

SECTION 19G.6.(a) The Center for Safer Schools and the Task Force for Safer Schools are transferred to the State Bureau of Investigation. These transfers have all of the elements of a Type I transfer, as described in G.S. 143A-6.

SECTION 19G.6.(b) Article 13A of Chapter 143B of the General Statutes is amended by adding a new Part 3 to be entitled "The Center for Safer Schools and the Task Force for Safer Schools."

SECTION 19G.6.(c) G.S. 115C-105.57 is recodified in Part 3 of Article 13A of Chapter 143B of the General Statutes, as enacted by subsection (b) of this section, as G.S. 143B-1209.59 and reads as rewritten:

"§ 143B-1209.59. Center for Safer Schools.

(a) Center for Safer Schools Established. – There is established the Center for Safer Schools. The Center for Safer Schools shall be administratively located in the ~~Department of Public Instruction~~ State Bureau of Investigation. The Center for Safer Schools shall consist of an Executive Director appointed by the ~~Superintendent of Public Instruction~~ Director of the State Bureau of Investigation and such other professional, administrative, technical, and clerical personnel as may be necessary to assist the Center for Safer Schools in carrying out its powers and duties.

(b) Executive Director. – The Executive Director shall report to and serve at the pleasure of the ~~Superintendent of Public Instruction~~ Director of the State Bureau of Investigation at a salary established by the ~~Superintendent~~ Director within the funds appropriated for this purpose.

(c) Powers and Duties. – The Center for Safer Schools shall have the following duties, and all other powers and duties provided in ~~this Article~~ Article 8C of Chapter 115C of the General Statutes:

...

(e) Annual Census of School Resource Officers. – The Center for Safer Schools shall conduct an annual census of school resource officers located in each public school unit. As part of the census, each public school unit shall report to the Center by January 15 of each year with the following information regarding school resource officers in the unit:

...

The Center shall compile the information submitted pursuant to this subsection and submit a report detailing this information at the statewide and local levels to the Joint Legislative Education Oversight ~~Committee~~ Committee, the State Bureau of Investigation, and the State Board of Education by March 1 of each year.

...."

SECTION 19G.6.(d) G.S. 115C-105.60 is recodified in Part 3 of Article 13A of Chapter 143B of the General Statutes, as enacted by subsection (b) of this section, as G.S. 143B-1209.60 and reads as rewritten:

"§ 143B-1209.60. School resource officer grants.

...

(b) Program; Purpose. – The ~~Superintendent of Public Instruction~~ Executive Director of the Center for Safer Schools shall establish the School Resource Officer Grants Program (Program). To the extent funds are made available for the Program, its purpose shall be to improve safety in qualifying public school units by providing grants for school resource officers.

(c) Grant Applications. – A qualifying public school unit may submit an application to the ~~Superintendent of Public Instruction~~ Executive Director of the Center for Safer Schools for one or more grants pursuant to this section. The application shall include an assessment, to be

performed in conjunction with a local law enforcement agency, of the need for improving school safety within the qualifying public school unit that would receive the funding. The application shall identify current and ongoing needs and estimated costs associated with those needs.

(d) Criteria and Guidelines. – By November 1, ~~2019, 2024,~~ and August 1 of each year thereafter in which funds are made available for the Program, the ~~Superintendent of Public Instruction~~ Executive Director of the Center for Safer Schools shall develop criteria and guidelines for the administration and use of the grants pursuant to this section, including any documentation required to be submitted by applicants. In assessing grant applications, the ~~Superintendent of Public Instruction~~ Executive Director shall consider at least all of the following factors:

- (1) The level of resources available to the qualifying public school unit that would receive the funding.
- (2) Whether the qualifying public school unit has received other grants for school safety.
- (3) The overall impact on student safety in the qualifying public school unit if the identified needs are funded.

(e) Award of Funds. – From funds made available for grants for school resource officers, the ~~Superintendent of Public Instruction~~ Executive Director of the Center for Safer Schools shall award grants to qualifying public school units for school resource officers in elementary and middle schools, as follows:

- (1) Public school units located, in whole or in part, in a county with at least one local school administrative unit that received low-wealth supplemental funding in the previous fiscal year shall have grants matched on the basis of four dollars (\$4.00) in State funds for every one dollar (\$1.00) in non-State funds. All other public school units shall be matched on the basis of two dollars (\$2.00) in State funds for every one dollar (\$1.00) in non-State funds.
- (2) Qualifying public school units may use these funds to employ school resource officers in elementary and middle schools, to train them, or both.
- (3) Training shall be provided, in partnership with the qualifying public school unit, by a community college, a local law enforcement agency, or the North Carolina Justice Academy. Any training shall include instruction on research into the social and cognitive development of elementary school and middle school children.

...

(g) Report. – No later than April 1, ~~2020, 2025,~~ and each year thereafter in which funds are made available for the Program, the ~~Superintendent of Public Instruction~~ Executive Director of the Center for Safer Schools shall report on the Program to the Joint Legislative Education Oversight Committee, the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Justice and Public Safety, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division. The report shall include the identity of each entity that received a grant through the Program, the amount of funding provided to each entity that received a grant, the use of funds by each entity that received a grant, and recommendations for the implementation of additional effective school safety measures.

(h) Disbursement. – The Executive Director of the Center for Safer Schools may enter into a memorandum of understanding with the Department of Public Instruction to disburse grants awarded under this section."

SECTION 19G.6.(e) G.S. 115C-105.49A is recodified in Part 3 of Article 13A of Chapter 143B of the General Statutes, as enacted by subsection (b) of this section, as G.S. 143B-1209.61.

1 **SECTION 19G.6.(f)** G.S. 115C-105.55 is recodified in Part 3 of Article 13A of
2 Chapter 143B of the General Statutes, as enacted by subsection (b) of this section, as
3 G.S. 143B-1209.62 and reads as rewritten:

4 **"§ 143B-1209.62. Establish Task Force for Safer Schools.**

5 (a) Task Force Established. – There is hereby created the Task Force for Safer Schools
6 within the ~~North Carolina Department of Public Instruction~~ State Bureau of Investigation.

7 (b) Membership. – The Task Force shall consist of 25 members. The composition of the
8 Task Force shall include all of the following:

- 9 (1) ~~The Secretary of the Department of Public Safety~~ Director of the State Bureau
10 of Investigation or the ~~Secretary's~~ Director's designee.

11 "

12 **SECTION 19G.6.(g)** G.S. 115C-105.56 is recodified in Part 3 of Article 13A of
13 Chapter 143B of the General Statutes, as enacted by subsection (b) of this section, as
14 G.S. 143B-1209.63 and reads as rewritten:

15 **"§ 143B-1209.63. Task Force for Safer Schools; powers and duties.**

16 The Task Force shall have all of the following duties:

- 17 (1) To serve as an advisory board to the Center for Safer Schools.
18 (2) To provide guidance and recommendations to the Governor, Superintendent
19 of Public Instruction, and the General Assembly to improve statewide policy
20 to enhance statewide and local capacities to create safer schools.
21 (3) To encourage interagency collaboration among State and local government
22 agencies to achieve effective policies and streamline efforts to create safer
23 schools.
24 (4) To Assist the Center for Safer Schools in collecting and disseminating
25 information on recommended best practices and community needs related to
26 creating safer schools in North Carolina.
27 (5) Other duties as assigned by the ~~State Board of Education~~ Director of the State
28 Bureau of Investigation."

29 **SECTION 19G.6.(h)** Section 7.36 of S.L. 2023-134 reads as rewritten:

30 ..."

31 **"SECTION 7.36.(b)** Program; Purpose. – The ~~Superintendent of Public Instruction~~
32 Executive Director of the Center for Safer Schools shall establish the School Safety Grants
33 Program (Program) for the ~~2023-2025 fiscal biennium~~ 2024-2025 fiscal year. The purpose of
34 the Program shall be to improve safety in public school units by providing grants in ~~each fiscal~~
35 ~~year of the 2023-2025 fiscal biennium~~ the 2024-2025 fiscal year for (i) services for students in
36 crisis, (ii) school safety training, (iii) safety equipment in schools, and (iv) subsidizing the School
37 Resource Officer Grants Program.

38 **"SECTION 7.36.(c)** Grant Applications. – A public school unit may submit an application
39 to the ~~Superintendent of Public Instruction~~ Executive Director of the Center for Safer Schools
40 for one or more grants pursuant to this section in ~~each year of the 2023-2025 fiscal biennium~~ the
41 2024-2025 fiscal year. The application shall include an assessment, to be performed in
42 conjunction with a local law enforcement agency, of the need for improving school safety within
43 the public school unit that would receive the funding or services. The application shall identify
44 current and ongoing needs and estimated costs associated with those needs.

45 **"SECTION 7.36.(d)** Criteria and Guidelines. – ~~By January 15, 2024, the Superintendent of~~
46 ~~Public Instruction~~ The Executive Director of the Center for Safer Schools shall develop criteria
47 and guidelines for the administration and use of the grants pursuant to this section, including any
48 documentation required to be submitted by applicants. In assessing grant applications, the
49 ~~Superintendent of Public Instruction~~ Executive Director shall consider at least all of the following
50 factors:

- (1) The level of resources available to the public school unit that would receive the funding.
- (2) Whether the public school unit has received other grants for school safety.
- (3) The overall impact on student safety in the public school unit if the identified needs are funded.

"SECTION 7.36.(e) Grants for Students in Crisis. – Of the funds appropriated to the ~~Department of Public Instruction~~ by this act for the grants provided in this section, the ~~Superintendent of Public Instruction, Executive Director of the Center for Safer Schools,~~ in consultation with the Department of Health and Human Services, shall award grants to public school units to contract with community partners to provide or pay for the provision of any of the following crisis services:

- (1) Crisis respite services for parents or guardians of an individual student to prevent more intensive or costly levels of care.
- (2) Training and expanded services for therapeutic foster care families and licensed child placement agencies that provide services to students who (i) need support to manage their health, welfare, and safety and (ii) have any of the following:
 - a. Cognitive or behavioral problems.
 - b. Developmental delays.
 - c. Aggressive behavior.
- (3) Evidence-based therapy services aligned with targeted training for students and their parents or guardians, including any of the following:
 - a. Parent-child interaction therapy.
 - b. Trauma-focused cognitive behavioral therapy.
 - c. Dialectical behavior therapy.
 - d. Child-parent psychotherapy.
- (4) Any other crisis service, including peer-to-peer mentoring, that is likely to increase school safety. Of the funds appropriated to the ~~Department of Public Instruction~~ by this act for the grants provided in this section, the ~~Superintendent~~ Executive Director shall use no more than three hundred fifty thousand dollars (\$350,000) in ~~each year of the 2023-2025 fiscal biennium~~ the 2024-2025 fiscal year for the services identified in this subdivision.

"SECTION 7.36.(f) Grants for Training to Increase School Safety. – Of the funds appropriated to the ~~Department of Public Instruction~~ by this act for the grants provided in this section, the ~~Superintendent of Public Instruction, Executive Director of the Center for Safer Schools,~~ in consultation with the Department of Health and Human Services, shall award grants to public school units to contract with community partners to address school safety by providing training to help students develop healthy responses to trauma and stress. The training shall be targeted and evidence-based and shall include any of the following services:

- (1) Counseling on Access to Lethal Means (CALM) training for school health support personnel, local first responders, and teachers on the topics of suicide prevention and reducing access by students to lethal means.
- (2) Training for school health support personnel on comprehensive and evidence-based clinical treatments for students and their parents or guardians, including any of the following:
 - a. Parent-child interaction therapy.
 - b. Trauma-focused cognitive behavioral therapy.
 - c. Behavioral therapy.
 - d. Dialectical behavior therapy.
 - e. Child-parent psychotherapy.

- (3) Training for students and school employees on community resilience models to improve understanding and responses to trauma and significant stress.
- (4) Training for school health support personnel on Modular Approach to Therapy for Children with Anxiety, Depression, Trauma, or Conduct problems (MATCH-ADTC), including any of the following components:
- a. Trauma-focused cognitive behavioral therapy.
 - b. Parent and student coping skills.
 - c. Problem solving.
 - d. Safety planning.
- (5) Any other training, including the training on the facilitation of peer-to-peer mentoring, that is likely to increase school safety. Of the funds appropriated to the Department of Public Instruction by this act for the grants provided in this section, the Superintendent-Executive Director shall use no more than three hundred fifty thousand dollars (\$350,000) in each year of the 2023-2025 fiscal biennium-the 2024-2025 fiscal year for the services identified in this subdivision.

"SECTION 7.36.(g) Grants for Safety Equipment. – Of the funds appropriated to the ~~Department of Public Instruction~~ by this act for the grants provided in this section, the Superintendent of Public Instruction-Executive Director of the Center for Safer Schools shall award grants to public school units for (i) the purchase of safety equipment for school buildings and (ii) training associated with the use of safety equipment purchased pursuant to this subsection. Notwithstanding G.S. 115C-218.105(b), charter schools may receive grants for school safety equipment pursuant to this subsection.

"SECTION 7.36.(h) Artificial Intelligence (AI) Pilot. – Of the funds appropriated to the Department of Public Instruction by this act for the grants provided in this section for the 2023-2024 fiscal year, the Department shall allocate (i) three million two hundred thousand dollars (\$3,200,000) as a directed grant to New Hanover County Schools and (ii) two million dollars (\$2,000,000) as a directed grant to Davidson County Schools for an AI School Safety Pilot Program. In conducting the Pilot Program, participating public school units shall comply with the following:

- (1) Funds allocated for the Pilot Program shall be used for the implementation of a school safety system that integrates AI technology into existing access controls, alerting protocols, and intercom systems.
- (2) No later than January 15, 2025, the participating public school units, in coordination with the ~~Department of Public Instruction~~, Center for Safer Schools, shall report to the Joint Legislative Education Oversight Committee the following information:
 - a. The schools that participated in the Pilot Program.
 - b. How grant funds were spent.
 - c. The impact the Pilot Program had on school safety outcomes.
 - d. Any noted capabilities of the AI system that could not be accomplished by more traditional safety measures.
 - e. Any other information the participating public school units or the Department deem relevant to the report.

"SECTION 7.36.(i) Subsidizing School Resource Officer Grants Program. – If the ~~Superintendent of Public Instruction~~ Executive Director of the Center for Safer Schools receives applications for grants for school resource officers under ~~G.S. 115C-105.60~~ G.S. 143B-1208.20 in excess of the amount of funding appropriated for school resource officer grants in the ~~2023-2025 fiscal biennium~~, 2024-2025 fiscal year, the ~~Superintendent~~ Executive Director may use the funds appropriated to the ~~Department of Public Instruction~~ for the grants provided for in this section to cover the unmet need for school resource officer grants.

1 ...
2 "SECTION 7.36.(k) Administrative Costs. – Of the funds appropriated to the Department
3 of Public Instruction by this act for the grants provided in this section, the Superintendent of
4 Public Instruction Executive Director of the Center for Safer Schools may retain a total of up to
5 one hundred thousand dollars (\$100,000) in each fiscal year of the 2023-2025 fiscal biennium
6 the 2024-2025 fiscal year for administrative costs associated with the Program.

7 "SECTION 7.36.(k1) Disbursement. – The Executive Director of the Center for Safer
8 Schools may enter into a memorandum of understanding with the Department of Public
9 Instruction to disburse grants awarded under this section.

10 "SECTION 7.36.(l) Nonrevert. – Notwithstanding any provision of law to the contrary, the
11 nonrecurring funds appropriated to the Department of Public Instruction in the 2022-2023 fiscal
12 year for the 2021-2023 School Safety Grants Program under Section 7.19 of S.L. 2021-180 and
13 the nonrecurring funds appropriated by this act for the 2023-2025 School Safety Grants Program
14 shall not revert to the General Fund but shall remain available for the purposes for which they
15 were appropriated until June 30, 2025.

16 "SECTION 7.36.(m) Program Report. – No later than April 1 of each fiscal year in which
17 funds are awarded pursuant to this section, April 1, 2025, the Superintendent of Public Instruction
18 Executive Director of the Center for Safer Schools shall report on the Program to the Joint
19 Legislative Education Oversight Committee, the Joint Legislative Oversight Committee on
20 Health and Human Services, the Joint Legislative Oversight Committee on Justice and Public
21 Safety, the Joint Legislative Commission on Governmental Operations, the Senate
22 Appropriations/Base Budget Committee, the House Committee on Appropriations, and the Fiscal
23 Research Division. The report shall include at least the following information:

- 24 (1) The identity of each public school unit and community partner that received
25 grant funds through the Program.
- 26 (2) The amount of funding received by each entity identified pursuant to
27 subdivision (1) of this subsection.
- 28 (3) The services, training, and equipment purchased with grant funds by each
29 entity that received a grant.
- 30 (4) Recommendations for the implementation of additional effective school
31 safety measures.

32"

33 SECTION 19G.6.(i) G.S. 115C-105.51 reads as rewritten:

34 "§ 115C-105.51. Anonymous tip lines and monitoring and response applications.

35 ...
36 (b) The Department of Public Instruction and the Center for Safer Schools, in
37 collaboration with the Department of Public Instruction and the Department of Public Safety,
38 Division of Emergency Management, shall implement and maintain an anonymous safety tip line
39 application available statewide for purposes of receiving anonymous student information on
40 internal or external risks to the school population, school buildings, and school-related activities.
41 Public secondary schools shall inform students about the application and provide opportunities
42 for students to learn about its purpose and function. The governing body of each public secondary
43 school shall work with the Department of Public Instruction, Division of School Operations, and
44 the Center for Safer Schools Schools, in collaboration with the Department of Public Instruction,
45 Division of School Operations, to ensure that employees of the public secondary schools receive
46 adequate training in its operation.

47 ...
48 (d) The Department of Public Instruction and the Department of Public Safety shall
49 ensure that the anonymous safety tip line application is integrated with and supports the statewide
50 School Risk and Response Management System (SRRMS) as provided in G.S. 115C-105.49A.
51 G.S. 143B-1209.61. Where technically feasible and cost efficient, the Department of Public

1 Instruction and the Department of Public Safety are encouraged to implement a single solution
2 supporting both the anonymous safety tip line application and panic alarm system.

3

4 **SECTION 19G.6.(j)** G.S. 115C-105.52(a) reads as rewritten:

5 "(a) ~~The Department of Public Instruction and the~~ Center for Safer Schools, in
6 consultation with the Department of Public Instruction and the Department of Public Safety, shall
7 develop and adopt policies on the placement of school crisis kits in schools and on the contents
8 of those kits. The kits shall include, at a minimum, basic first-aid supplies and communications
9 devices."

10 **SECTION 19G.6.(k)** G.S. 115C-105.53(b) reads as rewritten:

11 "(b) ~~The Department of Public Instruction and the~~ Center for Safer Schools, in
12 consultation with the Department of Public Instruction and the Department of Public Safety, shall
13 develop standards and guidelines for the preparation and content of schematic diagrams and
14 necessary updates. Public school units and participating nonpublic schools may use these
15 standards and guidelines to assist in the preparation of their schematic diagrams."

16 **SECTION 19G.6.(l)** G.S. 115C-105.65 reads as rewritten:

17 **"§ 115C-105.65. Threat assessment teams.**

18 ...

19 (b) The Center for Safer Schools shall develop guidance for threat assessment teams for
20 public school units and all public school units shall have access to the guidance. The Center shall
21 develop the guidance by (i) collecting information and best practices from schools with existing
22 threat assessment teams and (ii) consulting with the Department of Public Instruction, the Task
23 Force for Safer Schools, Disability Rights North Carolina, the North Carolina School Psychology
24 Association, the State Bureau of Investigation, and relevant State government agencies. This
25 guidance shall not reference or reveal any information that has been excluded as a public record
26 under G.S. 115C-47(40), Part 2 of Article 8C of this Chapter, or any other relevant statute. The
27 guidance shall include, at a minimum, the best practices for the following:

28 ...

29 (f) Any information shared among members of the threat assessment team pursuant to
30 this ~~subsection~~ section shall remain confidential, shall not be a public record subject to Chapter
31 132 of the General Statutes, and shall only be released in connection with an emergency under
32 the standards established by the Family Educational Rights and Privacy Act in 20 U.S.C. §
33 1232g(b)(1)(I).

34

35 **SECTION 19G.6.(m)** G.S. 115C-12(40) reads as rewritten:

36 "(40) Adopt School Risk Management Plans. – Each local board of education shall,
37 in coordination with local law enforcement and emergency management
38 agencies, adopt a School Risk Management Plan (SRMP) relating to incidents
39 of school violence for each school in its jurisdiction. In constructing and
40 maintaining these plans, local boards of education and local school
41 administrative units shall utilize the School Risk and Response Management
42 System (SRRMS) established pursuant to ~~G.S. 115C-105.49A.~~
43 G.S. 143B-1209.61. These plans are not a public record as the term "public
44 record" is defined under G.S. 132-1 and shall not be subject to inspection and
45 examination under G.S. 132-6."

46 **SECTION 19G.6.(n)** G.S. 115C-12(47) reads as rewritten:

47 "(47) Duty Regarding Child Abuse and Neglect. – The State Board of Education, in
48 consultation with the Superintendent of Public Instruction, shall adopt a rule
49 requiring information on child abuse and neglect, including age-appropriate
50 information on sexual abuse, to be provided by public school units to students
51 in grades six through 12. This rule shall also apply to high schools under the

control of The University of North Carolina. Information shall be provided in the form of (i) a document provided to all students at the beginning of each school year, (ii) a display posted in visible, high-traffic areas throughout each public secondary school, and (iii) a video, produced in accordance with ~~G.S. 115C-105.57(e)(2a)~~, ~~G.S. 143B-1209.59(c)(2a)~~, shown to all students no more than five days after the first day of the school year. The document, display, and video shall include, at a minimum, the following information:

- a. Likely warning signs indicating that a child may be a victim of abuse or neglect, including age-appropriate information on sexual abuse.
- b. The telephone number used for reporting abuse and neglect to the department of social services in the county in which the school is located, in accordance with G.S. 7B-301.
- c. A statement that information reported pursuant to sub-subdivision b. of this subdivision shall be held in the strictest confidence, to the extent permitted by law, pursuant to G.S. 7B-302(a1).
- d. Repealed by Session Laws 2023-65, s. 7.2(a), effective June 29, 2023, and applicable beginning with the 2023-2024 school year."

SECTION 19G.6.(o) G.S. 115C-150.12C(17)a. reads as rewritten:

- "a. School Risk Management Plan. – The board of trustees, in coordination with local law enforcement agencies, shall adopt a School Risk Management Plan (SRMP) relating to incidents of school violence. In constructing and maintaining these plans, the board of trustees shall utilize the School Risk and Response Management System established pursuant to ~~G.S. 115C-105.49A~~, ~~G.S. 143B-1209.61~~. These plans are not considered a public record as the term "public record" is defined under G.S. 132-1 and shall not be subject to inspection and examination under G.S. 132-6."

SECTION 19G.6.(p) G.S. 115C-551(b)(1) reads as rewritten:

- "(1) School Risk Management Plan. – In coordination with local law enforcement agencies, adopt a School Risk Management Plan (SRMP) relating to incidents of school violence. In constructing and maintaining these plans, the school may utilize the School Risk and Response Management System (SRRMS) established pursuant to ~~G.S. 115C-105.49A~~, ~~G.S. 143B-1209.61~~. These plans are not considered a public record as the term "public record" is defined under G.S. 132-1 and shall not be subject to inspection and examination under G.S. 132-6."

SECTION 19G.6.(q) G.S. 115C-559(b)(1) reads as rewritten:

- "(1) School Risk Management Plan. – In coordination with local law enforcement agencies, adopt a School Risk Management Plan (SRMP) relating to incidents of school violence. In constructing and maintaining these plans, the school may utilize the School Risk and Response Management System (SRRMS) established pursuant to ~~G.S. 115C-105.49A~~, ~~G.S. 143B-1209.61~~. These plans are not considered a public record as the term "public record" is defined under G.S. 132-1 and shall not be subject to inspection and examination under G.S. 132-6."

SECTION 19G.6.(r) G.S. 166A-19.12(22) reads as rewritten:

- "(22) Serving as the lead State agency for the implementation and maintenance of the statewide School Risk and Response Management System (SRRMS) under ~~G.S. 115C-105.49A~~, ~~G.S. 143B-1209.61~~."

SECTION 19G.6.(s) The Department of Public Instruction shall transfer to the State Bureau of Investigation any funds that did not revert under Section 7.36(l) of S.L. 2023-134 that

are to be used for any grant program administered by the Center for Safer Schools. Nothing in this subsection shall be construed as abrogating or amending the date set forth in Section 7.36(l) of S.L. 2023-134 by which the funds shall revert to the General Fund.

SECTION 19G.6.(t) Grant funds awarded under Section 7.36 of S.L. 2023-134 and G.S. 115C-105.60 before the effective date of this act are not abated or affected by this act, and the statutes that would be applicable but for this act remain applicable to those grant funds.

SECTION 19G.6.(u) Except as otherwise prohibited by federal law, the Department of Public Instruction shall transfer to the State Bureau of Investigation any federal funds received by the Department for any program administered by the Center for Safer Schools.

PART XIX-H. JUVENILE JUSTICE [RESERVED]

PART XIX-I. EMERGENCY MANAGEMENT AND NATIONAL GUARD [RESERVED]

PART XX. ADMINISTRATION [RESERVED]

PART XXI. ADMINISTRATIVE HEARINGS [RESERVED]

PART XXII. OFFICE OF STATE AUDITOR [RESERVED]

PART XXIII. BUDGET AND MANAGEMENT

OSBM/ADMINISTER VETERANS LIFE CENTER CHALLENGE GRANT

SECTION 23.1. G.S. 143B-1218 reads as rewritten:

"§ 143B-1218. Veterans Life Center; challenge grant to provide rehabilitation and reintegration services to veterans.

(a) There is hereby established in the ~~Department of Military and Veterans Affairs Office~~ of State Budget and Management (hereinafter "OSBM") a challenge grant program for the Veterans Life Center (hereinafter "Center"), a nonprofit corporation, which shall be administered by the ~~Department~~ OSBM as provided in this section. Funds appropriated by the General Assembly for the challenge grant program shall be used to allocate funds to the Center for the purpose of providing rehabilitation and reintegration services and support to veterans across the State, and those funds shall not be used for any other purpose without the express authorization of the General Assembly.

(b) The maximum amount of State funds that may be disbursed to the Center under this section is seven hundred fifty thousand dollars (\$750,000) in each fiscal year. The ~~Department~~ OSBM shall disburse State funds on a dollar-for-dollar basis each quarter so that the Center will receive a State dollar for each non-State dollar raised by the Center each quarter, but in no case shall the ~~Department~~ OSBM disburse State funds to the Center if the Center has not raised non-State funds in that quarter of the fiscal year. The Center shall demonstrate, to the satisfaction of the ~~Department~~ OSBM, that it has raised the non-State funds required by this subsection prior to the disbursement of State funds. The Center shall not supplant, shift, or reallocate Center funds for the purpose of achieving the non-State dollars required by this subsection.

(b1) Notwithstanding the provisions of subsection (b) of this section, if the OSBM does not disburse grant funds to the Veterans Life Center in a fiscal year because the Center did not satisfy the requirements of the grant contract between the OSBM and the Center on or before June 30 of that fiscal year, the grant funds shall not revert on June 30 but shall remain available to the OSBM to disburse to the Center in the following fiscal year as long as the Center satisfies the grant contract requirements. In such a case, the OSBM is authorized to disburse grant funds to the Veterans Life Center in an amount greater than seven hundred fifty thousand dollars

1 (\$750,000) in a fiscal year because the amount disbursed is for both the prior fiscal year and the
2 current fiscal year.

3 (c) Not later than July 1 of each year, the ~~Department~~ OSBM shall submit a written report
4 to the Joint Legislative Oversight Committee on General Government and the Fiscal Research
5 Division on all of the following information, and the Center shall provide the information to the
6 ~~Department~~ OSBM in the manner and time period requested by the ~~Department~~ OSBM for
7 purposes of preparing the report:

- 8 (1) The total number of veterans served.
- 9 (2) The types of services provided to veterans, and the number of veterans who
10 received each type of service.
- 11 (3) Demographics of the veterans served, including each veteran's county of
12 residence.
- 13 (4) Average length of stay for veterans, and the average number of veterans in the
14 Center facility on a daily basis.
- 15 (5) The total number of veterans who completed the care program, and the
16 number who received postgraduate mentoring from the Center."
17

18 OSBM/ADMINISTER GRANT PROGRAM FOR COUNTY VETERANS OFFICES

19 **SECTION 23.2.(a)** Section 33.13 of S.L. 2023-134 is repealed.

20 **SECTION 23.2.(b)** Notwithstanding the provisions of Section 33.13 of S.L.
21 2023-134 or any other provision of S.L. 2023-134 or the Committee Report described in Section
22 43.2 of that act to the contrary, the sum of one million five hundred thousand dollars (\$1,500,000)
23 in nonrecurring funds appropriated to the Department of Military and Veterans Affairs for the
24 2023-2024 fiscal year shall not be used for that purpose and shall not revert to the General Fund
25 on June 30, 2024, but shall instead be appropriated to the Office of State Budget and Management
26 – Special Appropriations to be used as provided in subsection (c) of this section.

27 **SECTION 23.2.(c)** Of the funds appropriated in this act to the Office of State Budget
28 and Management – Special Appropriations, the sum of three million dollars (\$3,000,000) in
29 nonrecurring funds for the 2024-2025 fiscal year shall be used to establish and administer a grant
30 program for existing county veterans offices (hereinafter "CVO") to provide services to veterans.
31 The following shall apply to the grant program:

- 32 (1) The CVO must be located in a county in which there are eight or less certified
33 veteran service officers (hereinafter "VSO"). The VSO may be an employee
34 with the federal government, State of North Carolina, county, or an entity in
35 the county, including a nonprofit organization. The CVO shall provide proof,
36 as required by the OSBM, that there are eight or less certified VSOs working
37 in the county.
- 38 (2) Each grant recipient shall receive an equal amount.
- 39 (3) Only one grant may be awarded to a CVO in the 2024-2025 fiscal year.
- 40 (4) Applicants are not required to provide a match for the grant funds.
- 41 (5) Applications must be received by the deadline set by OSBM.
- 42 (6) Grants shall be made as soon as practicable.

43 **SECTION 23.2.(d)** Not later than September 1, 2025, the OSBM shall report to the
44 Joint Legislative Oversight Committee on General Government, the House Appropriations
45 Committee on General Government, the Senate Appropriations Committee on General
46 Government and Information Technology, and the Fiscal Research Division on all of the
47 following:

- 48 (1) The name of each CVO that received a grant and the amount of the grant.
- 49 (2) The number of veterans served by each CVO, by county.
- 50 (3) A description of the services that were provided to veterans using the grant
51 funds, by county.

PART XXIV. BUDGET AND MANAGEMENT – SPECIAL APPROPRIATIONS**REVERSION OF DARE COUNTY AFFORDABLE HOUSING FUNDS**

SECTION 24.1. Notwithstanding any provision of S.L. 2022-74 or the Committee Report referenced in Section 43.2 of that act or any other provision of law to the contrary, the directed grant in the sum of thirty-five million dollars (\$35,000,000) in nonrecurring funds for the 2022-2023 fiscal year to be provided by the Office of State Budget and Management – Special Appropriations to Dare County to construct affordable housing shall not be used for that purpose but shall instead revert to the Housing Trust Fund on June 30, 2024. The authority granted to Dare County to use the funds to construct affordable housing was repealed in Section 6.5 of S.L. 2024-1.

PART XXV. OFFICE OF STATE CONTROLLER**STATE AGENCIES REQUIRED TO ACCEPT ELECTRONIC PAYMENTS**

SECTION 25.1.(a) G.S.147-86.10 reads as rewritten:

"§ 147-86.10. Statement of policy.

It is the policy of the State of North Carolina that all agencies, institutions, departments, bureaus, boards, commissions, and officers of the State, whether or not subject to the State Budget Act, Chapter 143C of the General Statutes, shall devise techniques and procedures for the receipt, deposit, and disbursement of moneys coming into their control and custody which are designed to maximize interest-bearing investment of cash, and to minimize idle and nonproductive cash balances. This policy shall apply to the General Court of Justice as defined in Article IV of the North Carolina Constitution, the public school units as defined in G.S. 147-86.12, and the community colleges with respect to the receipt, deposit, and disbursement of moneys required by law to be deposited with the State Treasurer and with respect to moneys made available to them for expenditure by warrants drawn on the State Treasurer. This policy shall include the acceptance of electronic payments in accordance with ~~G.S. 147-86.22 to the maximum extent possible consistent with sound business practices.~~ G.S. 147-86.22."

SECTION 25.1.(b) G.S. 147-86.11 reads as rewritten:

"§ 147-86.11. Cash management for the State.

...

(e) Elements of Plan. – For moneys received or to be received, the statewide cash management plan shall provide at a minimum that:

...

(6) State agencies shall accept payment by electronic payment in accordance with ~~G.S. 147-86.22 to the maximum extent possible consistent with sound business practices.~~ G.S. 147-86.22.

...."

SECTION 25.1.(c) G.S. 147-86.22 reads as rewritten:

"§ 147-86.22. Statewide accounts receivable program.

...

(b) Electronic Payment. – Notwithstanding the provisions of G.S. 147-86.20 and G.S. 147-86.21, this subsection applies to debts owed a community college, a local school administrative unit, an area mental health, developmental disabilities, and substance abuse authority, and the Administrative Office of the Courts, and to debts payable to or through the office of a clerk of superior court or a magistrate, as well as to debts owed to other State agencies as defined in G.S. 147-86.20.

The State Controller shall establish policies that allow accounts receivable to be payable ~~under certain conditions~~ by electronic payment. These policies shall be established with the

1 concurrence of the State Treasurer. In addition, any policies that apply to debts payable to or
2 through the office of a clerk of superior court or a magistrate shall be established with the
3 concurrence of the Administrative Officer of the Courts. The Administrative Officer of the Courts
4 may also establish policies otherwise authorized by law that apply to these debts as long as those
5 policies are not inconsistent with the Controller's policies. Notwithstanding the provisions of this
6 subsection, the State Controller, with the concurrence of the State Treasurer or the Administrative
7 Officer of the Courts, as applicable, may exempt State agencies from the requirement to allow
8 accounts receivable to be payable by electronic payment if deemed advisable.

9 A condition of payment by electronic payment is receipt by the appropriate State agency of
10 the full amount of the account receivable owed to the State agency. ~~A Notwithstanding the~~
11 ~~provisions of this section or any other provision of law, a State agency may enter into a contract~~
12 ~~with a payment processor that authorizes the processor to retain their fee for providing the~~
13 ~~processing service at the time each transaction is made. The terms of any contract executed under~~
14 ~~this subsection shall be approved by the State Controller with the concurrence of the State~~
15 ~~Treasurer and the Administrative Officer of the Court, as applicable. In the absence of a contract~~
16 ~~with a processor to retain service fees, the State agency may charge a debtor who pays by~~
17 ~~electronic payment may be required to pay any a fee or charge associated with the use of~~
18 ~~electronic payment. Fees to cover the costs incurred in accepting the payment electronically, but~~
19 ~~in no event shall the debtor be required to pay a fee that is greater than four percent (4%) of the~~
20 ~~electronic payment. If the State agency does not require the debtor to pay a fee associated with~~
21 ~~processing electronic payments payments, the fee may be paid out of the General Fund and~~
22 ~~Highway Fund if the payment of the fee by the State is economically beneficial to the State and~~
23 ~~the payment of the fee by the State has been approved by the State Controller and State Treasurer.~~

24 The State Controller and State Treasurer shall consult with the Joint Legislative Commission
25 on Governmental Operations before establishing policies that allow accounts receivable to be
26 payable by electronic payment and before authorizing fees associated with electronic payment to
27 be paid out of the General Fund and Highway Fund.

28 A payment of an account receivable that is made by electronic payment and is not honored
29 by the issuer of the card or the financial institution offering electronic funds transfer does not
30 relieve the debtor of the obligation to pay the account receivable.

31 ...

32 (d) Annual Report. – The State Controller shall report annually to the Joint Legislative
33 Commission on Governmental Operations and the Fiscal Research Division on the revenue
34 deposited into Special Reserve Account 24172 and the disbursement of that revenue."
35

36 CONFORMING CHANGES

37 **SECTION 25.1.(d)** G.S. 18B-404 reads as rewritten:

38 "**§ 18B-404. Additional provisions for purchase and transportation by mixed beverage**
39 **permittees.**

40 ...

41 (e) Electronic Payment. – A local board shall accept electronic payments for any
42 spirituous liquor purchased by a mixed beverages permittee. A local board may ~~not~~ charge a fee
43 for accepting electronic payments under this subsection. ~~For purposes of this subsection, the term~~
44 ~~"electronic payment" means payment by debit card or by electronic funds transfer as defined in~~
45 ~~G.S. 105-228.90, but does not include payment by charge card or credit card.~~ subsection as
46 provided in G.S. 147-86.22(b).

47 (f) Delivery Service. – A local board shall offer delivery service to mixed beverage
48 permittees. In providing delivery of purchased products to mixed beverage permittees, the local
49 board may use its employees or contract with one or more independent contractors and may
50 charge a fee to the permittee. A local board in a Tier 1 or Tier 2 county, as defined in
51 G.S. 143B-472.35(a2)(18), may request an exemption to this requirement from the ABC

Commission. The Commission shall grant the request if the local board can show evidence of unreasonable hardship or difficulty incurred by implementing delivery service."

SECTION 25.1.(e) G.S. 18B-907 reads as rewritten:

"§ 18B-907. Allow electronic submission of payments and forms.

...

(c) Fee. – The Commission may charge a fee to be used to cover costs incurred by the Commission in processing forms electronically and accepting payments electronically. The fee authorized under this subsection to cover costs incurred by the Commission in processing forms electronically may not exceed five dollars ~~(\$5.00)-(\$5.00)~~, and the fee for accepting payments electronically shall be determined as provided in G.S. 147-86.22(b)."

SECTION 25.1.(f) G.S. 20-4.05 reads as rewritten:

"§ 20-4.05. Authority of Division to charge transaction fee on electronic payments.

(a) When the Division accepts electronic payment, as that term is defined in G.S. 147-86.20, for any cost, fee, fine, or penalty imposed pursuant to this Chapter, the Division may add a transaction fee to each electronic payment transaction to offset the service charge the Division pays for electronic payment service. The Division's transaction fee shall ~~not exceed two percent (2%) of the electronic payment.~~ be determined as provided in G.S. 147-86.22(b).

...."

SECTION 25.1.(g) G.S. 58-3-145 reads as rewritten:

"§ 58-3-145. Solicitation, negotiation or payment of premiums on insurance policies.

...

(b) An insurer or insurance producer accepting electronic payment by credit or debit card may charge the person using electronic payment a convenience fee in an amount ~~not to exceed four percent (4%) of the electronic payment.~~ to be determined as provided in G.S. 147-86.22(b)."

SECTION 25.1.(h) G.S. 66-58.12 reads as rewritten:

"§ 66-58.12. Agencies may provide access to services through electronic and digital transactions; fees authorized.

...

(b) An agency may charge a fee to cover its costs of permitting a person to complete a transaction through the ~~World Wide Web or other means of electronic access.~~ Internet. The fee may be applied on a per transaction basis and may be calculated either as a flat fee or a percentage fee, as determined under an agreement between a person and a public agency. The fee may be collected by the agency or by its third party agent. This subsection shall not apply to electronic payment processing fees under Article 6A and Article 6B of Chapter 147 of the General Statutes.

...."

PART XXVI. ELECTIONS [RESERVED]

PART XXVII. GENERAL ASSEMBLY [RESERVED]

PART XXVIII. GOVERNOR [RESERVED]

PART XXIX. HOUSING FINANCE AGENCY

HFA/EMERGENCY RENTAL ASSISTANCE FUNDS

SECTION 29.1. Notwithstanding any provision of law to the contrary, the Office of State Budget and Management shall transfer all remaining Emergency Rental Assistance 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, as amended, and any interest earned on those funds, Budget Code 23021, Fund Codes 214050 and 214051, totaling the sum of fifty-eight million five hundred ninety-four thousand four hundred thirty-three dollars (\$58,594,433) in nonrecurring funds, as follows:

- (1) Thirty-five million dollars (\$35,000,000) to the Workforce Housing Loan Program in the Housing Finance Agency to assist with the development of multifamily affordable housing units across the State. These funds will replace the appropriation of thirty-five million dollars (\$35,000,000) for the 2023-2024 fiscal year from the Housing Reserve to the Workforce Housing Loan Program.
- (2) Twenty-three million five hundred ninety-four thousand four hundred thirty-three dollars (\$23,594,433) to the Housing Trust Fund. Projects under both subdivisions (1) and (2) of this section shall comply with the United States Department of the Treasury's Emergency Rental Assistance guidelines and those funds are hereby appropriated for that purpose.

HFA/INCREASE BOND DEBT LIMIT

SECTION 29.2. G.S. 122A-8 reads as rewritten:

"§ 122A-8. Bonds and notes.

The Agency is hereby authorized to provide for the issuance, at one time or from time to time, of bonds and notes of the Agency to carry out and effectuate its corporate purposes. The Agency also is hereby authorized to provide for the issuance, at one time or from time to time of (i) bond anticipation notes in anticipation of the issuance of such bonds and (ii) construction loan notes to finance the making or purchase of mortgage loans to sponsors of residential housing for the construction, rehabilitation or improvement of residential housing. The total amount of bonds, bond anticipation notes, and construction loan notes outstanding at any one time shall not exceed ~~three billion dollars (\$3,000,000,000)~~ twelve billion dollars (\$12,000,000,000) excluding therefrom any bond anticipation notes for the payment of which bonds have been issued. The principal of and the interest on such bonds or notes shall be payable solely from the funds herein provided for such payment. Any such notes may be made payable from the proceeds of bonds or renewal notes or, in the event bond or renewal note proceeds are not available, such notes may be paid from any available revenues or assets of the Agency. The bonds or notes of each issue shall be dated and may be made redeemable before maturity at the option of the Agency at such price or prices and under such terms and conditions as may be determined by the Agency. Any such bonds or notes shall bear interest at such rate or rates as may be determined by the Local Government Commission of North Carolina with the approval of the Agency. Notes shall mature at such time or times not exceeding 10 years from their date or dates and bonds shall mature at such time or times not exceeding 43 years from their date or dates, as may be determined by the Agency. The Agency shall determine the form and manner of execution of the bonds or notes, including any interest coupons to be attached thereto, and shall fix the denomination or denominations and the place or places of payment of principal and interest, which may be any bank or trust company within or without the State. In case any officer whose signature or a facsimile of whose signature shall appear on any bonds or notes or coupons attached thereto shall cease to be such officer before the delivery thereof, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. The Agency may also provide for the authentication of the bonds or notes by a trustee or fiscal agent. The bonds or notes may be issued in coupon or in registered form, or both, as the Agency may determine, and provision may be made for the registration of any coupon bonds or notes as to principal alone and also as to both principal and interest, and for the reconversion into coupon bonds or notes of any bonds or notes registered as to both principal and interest, and for the interchange of registered and coupon bonds or notes. Upon the filing with the Local Government Commission of North Carolina of a resolution of the Agency requesting that its bonds and notes be sold, such bonds or notes may be sold in such manner, either at public or private sale, and for such price as the Commission shall determine to be for the best interest

of the Agency and best effectuate the purposes of this Chapter, as long as the sale is approved by the Agency.

...."

HFA/DOCUMENTS RELATED TO VICTIMS OF DOMESTIC VIOLENCE, SEXUAL ASSAULT, AND HUMAN TRAFFICKING NOT PUBLIC RECORD

SECTION 29.3. Chapter 122A of the General Statutes is amended by adding a new section to read:

"§ 122A-22.1. Housing for victims of domestic violence, sexual assault, human trafficking; records confidential.

A public record, as defined in G.S. 132-1, does not include documents, papers, letters, photographs, or any other information provided to or compiled by the Housing Finance Agency for the purpose of financing housing for victims of domestic violence, sexual assault, and human trafficking."

PART XXIX-A. OFFICE OF STATE HUMAN RESOURCES [RESERVED]

PART XXX. INSURANCE

CONTINUE WORK ON PROPOSAL FOR A STATE-BASED HEALTH BENEFITS EXCHANGE

SECTION 30.1.(a) Notwithstanding G.S. 143B-24(b), the Commissioner of the Department of Insurance (Commissioner) shall build upon the detailed plan for the development of a state-based health benefits exchange that meets the requirements of the federal Patient Protection and Affordable Care Act, P.L. 111-148, as amended, that was submitted on May 15, 2024, as required by Section 30.9 of S.L. 2023-134. In continuing the work on this plan, the Commissioner shall take the following actions:

- (1) Develop a realistic and detailed time line for implementation no earlier than November 2027 of a state-based exchange operating on the federal platform, as required by federal regulation to occur for at least one year prior to approval for operating a fully state-based exchange. The following assumptions may be used by the Commissioner in the development of this time line and the required updated to the plan previously developed in accordance with Section 30.9 of S.L. 2023-134 but shall not be construed as binding with regard to any potential development of a state-based exchange:
 - a. The state-based exchange is housed in a State agency.
 - b. User fees will be collected and used to cover the full cost to the State of the state-based exchange operating on the federal platform once the transition to the state-based exchange operating on the federal platform is complete, resulting in a revenue-neutral program. The cost to the State of any fully state-based exchange would also be covered by the user fees.
 - c. A 1332 Waiver will not be pursued simultaneously with the initial implementation of a state-based exchange operating on the federal platform.
 - d. The State will not develop its own information technology platform for the state-based exchange and will either (i) contract with a company that has already developed a platform to be used as an ongoing platform for a fully state-based exchange or that will develop an individualized platform for purchase by the State after the initial

- 1 contract period expires or (ii) remain on the federal platform,
2 whichever is determined to be in the State's best interest.
- 3 (2) Determine a detailed and specific plan for any additional staff that may be
4 required by the Commissioner to operate a state-based exchange operating on
5 the federal platform, as well as the fully state-based exchange. The detailed
6 and specific plan should include administrative staff as well as staff for the
7 call center required under federal law. The number of staff, as well as the time
8 line for hiring and training the staff, the general position description of the
9 staff members, and the anticipated cost of the staff shall be included in the
10 detailed and specific plan.
- 11 (3) Estimate the anticipated user fee imposed by the State through the first year
12 of operation of the state-based exchange operating on the federal platform and
13 through the first three years of the fully state-based exchange, assuming the
14 State is approved to move to a fully operational state-based exchange after one
15 year of operation of the state-based exchange.
- 16 (4) Conduct a full analysis of the final rule 89 FR 26218 issued by the Centers for
17 Medicare and Medicaid Services that takes effect June 1, 2024, and that makes
18 several changes to the standards for state-based exchanges, insurers, and the
19 qualified health plans offered on the exchanges, including changes to the
20 evaluation of network adequacy standards for qualified health plans. In
21 conducting this full analysis, the Commissioner shall determine whether the
22 flexibility afforded to the State to manage a state-based benefits exchange and
23 to regulate the qualified health plans offered on that exchange remains
24 unchanged from the analysis in the report submitted by the Commissioner on
25 May 15, 2024, as required by Section 30.9 of S.L. 2023-134. The full analysis
26 shall also include any impacts moving to a state-based exchange would have
27 on health benefit plans offered in the individual market in the State that would
28 be otherwise unimpacted if the State remained a participant in the federally
29 facilitated marketplace.
- 30 (5) Collaborate with the Secretary of the Department of Health and Human
31 Services (Secretary) to determine what steps and procurements may be
32 necessary to ensure that the state-based exchange operating on the federal
33 platform, as well as the fully state-based exchange, is able to meet all
34 requirements necessary to fully integrate with the Medicaid eligibility
35 determination process and handle any other needs of the Medicaid program.
36 As part of this collaboration, the Commissioner and the Secretary shall
37 estimate the anticipated costs to the Department of Insurance and the
38 Department of Health and Human Services for this integration and a general
39 time line of when those costs are anticipated to be incurred. In determining
40 the necessary steps, procurements, and costs under this subdivision, the
41 Commissioner and the Secretary shall prioritize a seamless experience for
42 Medicaid beneficiaries as well as accuracy of eligibility determinations made
43 by the state-based exchange, regardless of the operating platform utilized.
- 44 (6) Engage stakeholders in the State individual health benefit plan market to
45 determine interest in or concerns with moving to a state-based exchange
46 operating on the federal platform or a fully state-based exchange. Upon
47 learning of any concerns insurers may have, the Commissioner shall
48 determine whether these concerns need to be and are able to be addressed by
49 the Commissioner or require legislative action.
- 50 (7) Using the time line developed under this subsection and including costs
51 identified to be estimated under this subsection as well as any other anticipated

1 expenses, provide a detailed assessment of the total cost to the State to
2 implement the initial state-based exchange on the federal platform before any
3 user fees may be imposed by the State and the time frame in which the costs
4 will be incurred.

5 (8) Determine what legislation may be necessary to implement a state-based
6 exchange operating on the federal platform with the intent to move to a fully
7 state-based exchange under the realistic and detailed time line developed in
8 accordance with this section. The Commissioner may collaborate with the
9 Legislative Drafting Division for the purposes of this subdivision.

10 (9) No later than March 1, 2025, submit to the Joint Legislative Oversight
11 Committee on General Government, the Joint Legislative Oversight
12 Committee on Health and Human Services, and the Fiscal Research Division
13 an update to the report submitted on May 15, 2024, as required by Section
14 30.9 of S.L. 2023-134. This updated report shall include, at a minimum, a
15 detailed report on the information developed or obtained as part of carrying
16 out the actions required under this section, including any information provided
17 for inclusion in the report in accordance with subsection (b) of this section.

18 **SECTION 30.1.(b)** The Secretary of the Department of Health and Human Services
19 (Secretary) shall collaborate with the Commissioner of the Department of Insurance to determine
20 what steps and procurements may be necessary to ensure that a state-based exchange operating
21 on the federal platform, as well as the fully state-based exchange, is able to meet all requirements
22 necessary to fully integrate with the Medicaid eligibility determination process and handle any
23 other needs of the Medicaid program. No later than January 1, 2025, the Secretary shall provide
24 to the Commissioner an estimate of the anticipated costs to the Department of Health and Human
25 Services for this integration and a general time line of when those costs are anticipated for use in
26 the report required under subsection (a) of this section. Any additional information that the
27 Secretary deems necessary to be included in that required report, including any costs or impacts
28 to county departments of social services, shall also be provided to the Commissioner by January
29 1, 2025, and the Commissioner shall include that information when making the required report.

30 **SECTION 30.1.(c)** Neither the Commissioner of the Department of Insurance nor
31 the Secretary of the Department of Health and Human Services shall submit an Exchange
32 Blueprint or any similar information to the federal Centers for Medicare and Medicaid Services
33 that specifically seeks approval for, or signals approval by the General Assembly of, a state-based
34 health benefits exchange operating on the federal platform or a fully state-based health benefits
35 exchange.

37 **OFFICE OF STATE FIRE MARSHAL EXPENSES**

38 **SECTION 30.2.** G.S. 58-6-25 reads as rewritten:

39 **"§ 58-6-25. Insurance regulatory charge.**

40 ...

41 (d) Use of Proceeds. – The Insurance Regulatory Fund is created as an interest-bearing
42 special fund to which the proceeds of the charge levied in this section and all fees collected under
43 Articles 69 through 71 of this Chapter and under Articles 9 and 9C of Chapter 143 of the General
44 Statutes shall be credited. Moneys in the Fund may be spent only pursuant to appropriation by
45 the General Assembly, and the Fund is subject to the provisions of the State Budget Act. All
46 money credited to the Fund shall be used to reimburse the General Fund for the following:

47 ...

48 (7) Money appropriated to the Department of Insurance and the Office of the State
49 Fire Marshal in the Department of Insurance to pay its expenses incurred in
50 connection with providing staff support for State boards and commissions,
51 including the North Carolina Manufactured Housing Board, State Fire and

Rescue Commission, North Carolina Building Code Council, North Carolina Code Officials Qualification Board, Public Officers and Employees Liability Insurance Commission, North Carolina Home Inspector Licensure Board, and the Volunteer Safety Workers' Compensation Board.

...

(12) Money appropriated to the Office of the State Fire Marshal in the Department of Insurance to pay its expenses incurred in the direct and indirect regulation of insurance, including the operation and maintenance of facilities to train emergency personnel to respond to fires and other events that may affect insurance rates and regulations.

... ."

VOLUNTEER FIRE DEPARTMENTS/APPARATUS TIRE REPLACEMENT

SECTION 30.3. Article 87 of Chapter 58 of the General Statutes is amended by adding a new section to read:

"§ 58-87-8. Fire apparatus tire replacement grants.

(a) Grants Authorized. – There is hereby established in the Office of the State Fire Marshal a grant program to provide grants in an amount of not more than ten thousand dollars (\$10,000) to eligible fire departments under G.S. 58-87-1(b) and stand-alone "rescue units" or "rescue squads" as defined in G.S. 58-87-5(c) for the purpose of replacing fire apparatus tires. Funds appropriated by the General Assembly for the grant program shall be used as provided in this section. Grants shall be awarded only to applicants who certify in writing the need to remove fire apparatus tires from service because of any of the following reasons: (i) tread wear beyond the minimum tread depth, (ii) fire conditions that caused damage to the tires, such as coming into contact with fire retardant and/or running over glass, debris, oil, or chemicals, (iii) tire damage, such as cuts, bulges, and cracks, and (iv) evidence of dry rot or sidewall cracking. Applicants shall use the grant funds only for the purpose of replacing fire apparatus tires and shall not use the funds for any other purpose. Applicants are not required to provide a match for the grant funds. Each applicant may be awarded only one grant in a fiscal year.

(b) Distribution of Grant Funds. – In awarding grants under this section, the Office of the State Fire Marshal shall, to the extent possible, select applicants from all parts of the State. Grants shall be made as soon as practicable. If, in any fiscal year, the Office of the State Fire Marshal has not disbursed all the grant funds appropriated for the grant program authorized by subsection (a) of this section, the Office of the State Fire Marshal shall allow applicants who have not received grant funds in that fiscal year to apply for a grant. Grants authorized by this section shall be awarded in addition to and shall not supplant any amount of the grant awarded to an eligible fire department under G.S. 58-87-1 and G.S. 87-5. Any funds appropriated for the grant program authorized by subsection (a) of this section that are unencumbered on June 30 of the fiscal year shall not revert to the Volunteer Fire Department Fund but shall remain available for providing grants as authorized by this section.

(c) Report. – Not later than September 1 of each fiscal year, the Office of the State Fire Marshal shall submit a written report to the Senate Appropriations Committee on General Government and Information Technology, the House of Representatives Appropriations Committee on General Government, the Joint Legislative Oversight Committee on General Government, and the Fiscal Research Division which shall include all of the following:

(1) The total number of grants awarded, by county.

(2) The name of each eligible fire department and rescue unit or rescue squad to which a grant was awarded, by county and by city, if applicable.

(3) The amount of the grant awarded to each eligible fire department and rescue unit or rescue squad."

CREATE PUBLIC PROPERTY INSURANCE ENTERPRISE FUND

SECTION 30.4.(a) Effective May 1, 2025, Chapter 58 of the General Statutes is amended by adding a new Article 31B to be entitled "Public Property Protection Against All Perils."

SECTION 30.4.(b) Effective May 1, 2025, Article 31B of Chapter 58 of the General Statutes, as enacted by subsection (a) of this section, is amended by adding a new Part 1 to be entitled "Public Property Insurance Enterprise Fund."

SECTION 30.4.(c) Effective May 1, 2025, G.S. 58-31-2 is recodified as G.S. 58-31B-40.

SECTION 30.4.(d) Effective May 1, 2025, Article 31B of Chapter 58 of the General Statutes, as enacted by subsection (a) of this section and as amended by subsections (b) and (c) of this section, reads as rewritten:

"Article 31B.

"Public Property Protection Against All Perils.

"Part 1. Public Property Insurance Enterprise Fund.

"§ 58-31B-1. Definitions.

For purposes of this Article, the following definitions apply:

- (1) Reserved for future codification purposes.
- (2) Enterprise Fund. – The Public Property Insurance Enterprise Fund established under G.S. 58-31B-2.
- (3) Insurance Fund. – The State Public Education Property Insurance Fund established under G.S. 58-31A-20.
- (4) Peril. – Any of the following perils, risks, or hazards:
 - a. Fire.
 - b. Lightning.
 - c. Hurricane, tornado, or other windstorm.
 - d. Hail.
 - e. Explosion.
 - f. Aircraft or other vehicle causing damage to property as a result of a crash or other act.
 - g. Riot or other civil commotion.
 - h. Smoke.
 - i. Vandalism.
 - j. Sprinkler leakage or malfunction.
 - k. Sinkhole collapse.
 - l. Volcanic action or earthquake.
 - m. Falling object.
 - n. Weight of snow, ice, sleet, or other weather event.
 - o. Flood.
 - p. Water damage.
- (5) Reserved for future codification purposes.
- (6) Self-insurance Fund. – The State Property Self-insurance Fund established under G.S. 58-31B-20.
- (7) State property. – Real property, and any fixtures or appurtenances found in or attached to that real property, owned by the State or a department, agency, or institution of the State.

"§ 58-31B-2. Public Property Insurance Enterprise Fund.

(a) Creation. – The Public Property Insurance Enterprise Fund is created as a nonreverting enterprise fund, as defined in G.S. 143C-1-3, in the Department of Insurance and to which funds, receipts, transfers, appropriations, contributions, investment earnings, and other income, except for amounts necessary to pay any allowable administration costs or costs

associated with payable claims under this Article or Part 1 of Article 31A of this Chapter belonging to the Self-insurance Fund and the Insurance Fund shall be deposited.

(b) Investments. – The assets of the Enterprise Fund shall be invested in accordance with the provisions of G.S. 147-69.2 and G.S. 147-69.3.

(c) Purpose of Enterprise Fund. – All funds held in the Enterprise Fund are for the purpose of paying claims for damage or loss as a result of any perils for which the Insurance Fund or the Self-insurance Fund is liable. No funds in the Enterprise Fund shall be utilized to purchase any commercial insurance or reinsurance product.

(d) Assets. – The assets of the Enterprise Fund shall be used only for the exclusive benefit of the Insurance Fund, the Self-insurance Fund, and entities that have property that is protected against damage or loss by the Insurance Fund or the Self-insurance Fund.

"§ 58-31B-5. Actuarial analysis of funds.

(a) Annually, the Department shall conduct an actuarial analysis of the Enterprise Fund, the Insurance Fund, and the Self-insurance Fund for the purposes of setting contribution amounts under G.S. 58-31B-30 and premium rates under G.S. 58-31A-40. The Commissioner may contract with a third party or enter into an agreement with another State department, agency, or institution to conduct the actuarial analysis.

(b) No later than March 1, a copy of the actuarial analysis conducted under this section shall be submitted to the Joint Legislative Oversight Committee on General Government and the Fiscal Research Division. This analysis shall be provided upon request to any public education board that participates in the Insurance Fund or any State department, agency, or institution that participates in the Self-insurance Fund.

"§ 58-31B-10. Transfers from the Enterprise Fund.

Funds shall be transferred from the Public Property Insurance Enterprise Fund to either the Insurance Fund or the Self-insurance Fund, as applicable, upon the processing of a claim in accordance with this Article or Part 1 of Article 31A of this Chapter.

"Part 2. Requirements for State Property.

"§ 58-31B-20. State Property Self-insurance Fund.

(a) Self-Insurance Fund. – The State Property Self-insurance Fund is established as a nonreverting special fund in the Department of Insurance.

(b) Source of Funds. – The State Property Self-insurance Fund shall consist of the following funds:

(1) Contributions made by each State department, agency, and institution that is required under this Article to contribute to the Self-insurance Fund.

(2) Transfers from the Enterprise Fund to the Self-insurance Fund for the purpose of paying claims for damage or loss to State property resulting from any peril that are submitted by a State department, agency, or institution in accordance with this Part.

(3) Any funds appropriated to the Self-insurance Fund.

(c) Utilization of Funds. – The Commissioner is authorized to utilize the funds in the Self-insurance Fund solely for the following purposes:

(1) Administration of the Self-insurance Fund and the Enterprise Fund. – No more than ten percent (10%) of the amount collected in contributions under this Part in any State fiscal year may be used for the purposes of administering the Self-insurance Fund and the Enterprise Fund and carrying out duties under this Article.

(2) Payments to the Enterprise Fund. – Quarterly, any funds in the Self-insurance Fund that are not to be utilized for the administrative purposes authorized under this section or to pay out any claims that have been previously submitted under this Part by a State department, agency, or institution shall be transferred to the Enterprise Fund.

(d) Prohibited Use of Funds. – No funds in the Self-insurance Fund shall be utilized to purchase any commercial insurance or reinsurance product.

"§ 58-31B-25. Contributions to Self-insurance Fund required.

(a) For the purposes of providing coverage of State property in the event of damage or loss resulting from any peril, unless otherwise provided by this Article, every State department, agency, and institution shall contribute to the State Property Self-insurance Fund in accordance with this Article.

(b) Nothing in this Article shall prohibit a State department, agency, or institution from purchasing any insurance product authorized under Article 31 of this Chapter. A State department, agency, or institution shall not purchase commercial property insurance or reinsurance for any State property covered under this Article.

"§ 58-31B-30. Determination and adjustment of required contribution amount.

(a) The Commissioner shall determine the contribution amount to be paid by each State department, agency, and institution required to submit contributions to the Self-insurance Fund under this Part. Contribution amounts shall be adjusted annually.

(b) In setting the contribution amounts under this section, all of the following shall be considered:

(1) The reasonable administrative expenses of the Self-insurance Fund and the Enterprise Fund.

(2) The need to maintain adequate reserves in the Enterprise Fund to pay claims under this Part for State property loss or damage resulting from perils.

(3) The results of the actuarial analysis conducted under G.S. 58-31B-5.

(c) If the balance of the assets held in the Enterprise Fund equals at least five percent (5%) of the combined replacement value of all State property covered by the Self-insurance Fund and all public education property, as that term is defined in G.S. 58-31A-1, insured in the Insurance Fund, then the required contribution amounts shall be proportionately decreased to an annual amount that is sufficient to maintain the assets held in the Enterprise Fund at five percent (5%) of the combined replacement value of all State property covered by the Self-insurance Fund and all public education property insured in the Insurance Fund.

"§ 58-31B-35. Payment of contributions.

(a) The Commissioner shall set the intervals at which payment for the contributions to the Self-insurance Fund under this Part shall be made by a State department, agency, or institution. The Commissioner shall provide notification to each State department, agency, or institution as to the contribution amount due at each interval. Within 30 days of notice of an amount due for contributions under this Part, the State department, agency, or institution shall pay the contribution amount due.

(b) Any contributions not paid within the time period required under this section shall bear interest at the rate of six percent (6%) per annum.

(c) Upon receipt of payment of the contribution amount due under this Part, the payment shall be deposited in the Self-insurance Fund.

"§ 58-31B-40. ~~Certain buildings of North Carolina Global TransPark exempt.~~ exemptions to participation in Self-insurance Fund.

The following entities are exempt from the requirement to contribute to the Self-insurance Fund and shall not submit claims under this Part for a loss or damage occurring as a result of any peril:

~~(a)~~(1) A building located on State lands that is privately owned or privately leased, and located within the North Carolina Global TransPark, is exempt from application of this Article provided that (i) the TransPark if all of the following conditions are met:

a. The North Carolina Global TransPark Authority requires a private owner or private lessee to obtain adequate insurance to cover fire

losses and damages to underlying and surrounding real property owned by the State, ~~(ii) State and~~ the private owner or private lessee obtains and maintains adequate insurance naming the Authority and the Department of Transportation as an additional insured for fire losses, ~~and (iii) the losses and damages.~~ The minimum amount of insurance required under this sub-subdivision is one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate per occurrence.

b. The North Carolina Global TransPark Authority discloses to the private owner or private lessee that the State of North Carolina shall not reinsure that building and the building is exempt from the State Property Fire Insurance Fund coverage for fires losses. Self-insurance Fund and is not authorized to submit claims under this Part for any losses or damages occurring as a result of any peril.

~~(b) The minimum amount of insurance that will be required under subsection (a) of this section is one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate per occurrence.~~

~~(e)c.~~ The North Carolina Global TransPark Authority shall notify has notified the Commissioner and the Office of State Fire Marshal in writing that the Authority is entering into a contract or modifying a contract for which the exemption under this section would apply at least 30 days prior to entering into or modifying that contract. The Authority shall consult with the Office of State Fire Marshal Commissioner regarding the adequacy of insurance for fire losses and damages required by this section-subdivision during this period.

(2) Reserved for future codification purposes.

"§ 58-31B-45. Claims submission and adjudication.

(a) A State department, agency, or institution required under this Part to make contributions to the Self-insurance Fund shall submit a claim to the Self-insurance Fund when that department, agency, or institution experiences loss or damage to State property as a result of a peril. The Self-insurance Fund shall process all claims submitted under this Part. The Self-insurance Fund shall pay claims associated with loss or damage in an amount not exceeding the amount that it would cost to repair or replace the property with material of like kind and quality within a reasonable time after the loss or damage.

(b) The amount to be paid for a claim under this section is determined by the Commissioner and the official designated by the State department, agency, or institution controlling the State property for which the claim was submitted. If an agreement as to the extent of the loss or damage related to that claim cannot be reached between these two parties, then the amount of the loss or damage shall be determined by three appraisers and no claim amount in dispute shall be paid until the completion of that determination. The three appraisers shall be disinterested persons who are qualified from experience to appraise and value property and shall be selected as follows:

(1) The Commissioner shall select one appraiser.

(2) The official designated by the State department, agency, or institution controlling the property for which the claim was submitted shall select one appraiser.

(3) The two appraisers selected by the Commissioner and the designated official shall select a third appraiser. If the appraisers selected by the Commissioner and the designated office fail to agree upon a third appraiser within 15 days of their selection, then, on request of the Commissioner or the designated

official, a third appraiser shall be selected by the Secretary of the Department of Administration.

(c) The appraisers selected and required under this section shall file their written report within 90 days of the selection of all three required appraisers detailing the loss or damage with the Commissioner and with the State department, agency, or institution that submitted the claim.

(d) The costs of any appraisal required under this section shall be paid by, and considered an administrative expense of, the Self-insurance Fund.

(e) Upon the determination of the loss or damage to the State property made by the appraisers selected and required under this section, the Self-insurance Fund shall pay the claim in full to the applicable State department, agency, or institution.

(f) Notwithstanding G.S. 58-2-75 or any other provision of this Chapter to the contrary, the determination of the loss or damage to State property by the appraisers under this section is not appealable and not a contested case under Article 3 of Chapter 150B of the General Statutes."

SECTION 30.4.(e) Effective May 1, 2025, Part 1 of Article 31A of Chapter 58 of the General Statutes, as amended by Section 6.4(c) of S.L. 2024-1, reads as rewritten:

"Article 31A.

"State Insurance for Public Education.

"Part 1. Public Education Property.

"§ 58-31A-1. Definitions.

The following definitions shall apply in this Part:

(1) Enterprise Fund. – The Public Property Insurance Enterprise Fund established under G.S. 58-31B-2.

(1a) Insurable hazards. – ~~A minimum list of perils, risks, or hazards which must be insured against loss, which includes the following: fire, lightning, windstorm, hail, explosion, aircraft or vehicles, riot or civil commotion, smoke, vandalism, sprinkler leakage, sinkhole collapse, volcanic action, falling objects, weight of snow, ice or sleet, or water damage.~~ All perils defined under G.S. 58-31B-1.

(1b) Insurance Fund. – The State Public Education Property Insurance Fund established under G.S. 58-31A-20.

(2) Public education board. – ~~A local board of education of a local school administrative unit, as defined in G.S. 115C-5(5), a board of trustees of a regional school, as defined in G.S. 115C-238.63, The governing body of any public school unit, as those terms are defined in G.S. 115C-5, or a board of trustees of a community college, as defined in G.S. 115D-12.~~

(3) Public education property. – ~~Property Real property, and any fixtures or appurtenances found in or attached to that real property, owned by a local board of education, a regional school board of directors, or a community college board of trustees.~~ public education board.

"§ 58-31A-5. ~~Duty of the State Fire Marshal to operate~~ Operation of insurance system for public education property.

(a) ~~The State Fire Marshal shall have the duty to~~ Commissioner shall manage and operate a system of insurance for public education property. The State Fire Marshal may offer a system of property insurance to any charter schools approved pursuant to G.S. 115C-218.5 against damage or loss resulting from all insurable hazards to public education property in accordance with this Part.

(b) The system of insurance under this Part shall be operated at a low cost to public education boards and to the State while also ensuring the solvency of the Insurance Fund and the Enterprise Fund.

...

"§ 58-31A-20. State Public Education Property Insurance Fund; decrease of premiums when fund reaches five percent of total insurance in force. Fund.

(a) ~~There is established a Creation. – The State Public Education Property Insurance Fund (Fund) is established as a nonreverting special fund in the State treasury for the purpose of providing a reserve against property loss of public education boards. The State Treasurer shall be the custodian of the Fund and shall invest its assets in accordance with the provisions of G.S. 147-69.2 and G.S. 147-69.3. All funds paid over to the State Treasurer by the State Fire Marshal for premiums on insurance by public education boards and all money received from interest or from loans and deposits and from any other source connected with the insurance of the property shall be held by the State Treasurer in the Fund for the purpose of paying all insurable hazards for which the Fund shall be liable and the expenses necessary for the proper conduct of the insurance of such property, together with such premiums for reinsurance that the State Fire Marshal may deem necessary to reinsure as provided by this Article.~~ Department of Insurance.

(b) ~~When the balance of the Fund reaches the sum of five percent (5%) of the total insurance in force, then annually thereafter the State Fire Marshal shall proportionately decrease the premiums on insurance to an amount which will be sufficient to maintain the Fund at five percent (5%) of the total insurance in force, and in the event in the judgment of the State Fire Marshal the income from the investments of the Fund are sufficient to maintain the same at five percent (5%) of the total insurance in force, no premium shall be charged for the ensuing year. However, no public education board shall cease to pay premiums until five annual payments of premiums have been made on a building or property insured whether or not through such payments the Fund shall be increased beyond five percent (5%) of the total insurance in force, unless such building or property shall cease to be insurable under this Article within such five-year period.~~

(c) Source of Funds. – The Insurance Fund shall consist of the following funds:

(1) The premium payments made by each public education board that participates in the insurance program operated under this Part.

(2) Transfers from the Enterprise Fund to the Insurance Fund for the purpose of paying claims for damage or loss to public education property resulting from any insurable hazard that are submitted by a public education board in accordance with this Part.

(3) Any funds appropriated to the Insurance Fund.

(d) Utilization of Funds. – The Commissioner is authorized to utilize the funds in the Insurance Fund solely for the following purposes:

(1) Administration of the Insurance Fund and the Enterprise Fund. – No more than ten percent (10%) of the amount collected in premiums in any State fiscal year may be used for the purposes of administering the Insurance Fund and the Enterprise Fund and carrying out duties under this Part.

(2) Payments to the Enterprise Fund. – Quarterly, any funds in the Insurance Fund that are not to be utilized for the administrative purposes authorized under this section or to pay out any claims that have been previously submitted under this Part by a public education board shall be transferred to the Enterprise Fund.

(e) Prohibited Use of Funds. – No funds in the State Public Education Property Insurance Fund shall be utilized to purchase any commercial insurance or reinsurance product.

"§ 58-31A-25. Insurance-Optional insurance of property by public education boards; notice of election to insure and information to be furnished; outstanding policies.

(a) All public education boards may insure in the Insurance Fund as part of the program of insurance operated under this Part all public education property titled to that board against the direct loss or damage by insurable hazards in public education buildings and other public

education properties in the Fund. Any property covered by an insurance policy in effect on the date when the property of a public education board is insured in the Fund shall be insured by the Fund as of the expiration of the policy hazards, subject to the requirements of this Part.

(b) Each public education board shall give notice of its election to insure public education property in the Insurance Fund under this Part at least 90 days prior to such insurance in the Insurance Fund becoming effective and effective. As part of the required notice, the public education board shall furnish to the State Fire Marshal Commissioner a full and complete list of all outstanding property insurance policies, giving in complete detail the or reinsurance policies. This list shall include all of the following information in complete detail:

(1) The name of the insurers, the insurer operating each commercial property insurance or reinsurance policy.

(2) The amount of the insurance and expirations thereof. While the said insurance policies remain in effect, the Fund shall act as coinsurer of the properties covered by such insurance to the same extent and in the same manner as is provided for coinsurance under the provisions of the standard form of property insurance as provided by law, and in the event of loss shall have the same rights and duties as required by participating insurance companies each insurance or reinsurance policy.

(3) The date each insurance or reinsurance policy expires.

(c) No public education property shall be insured by the Insurance Fund if that property is covered by a commercial insurance or reinsurance policy. Both of the following shall apply:

(1) Any public education property covered by a commercial insurance or reinsurance policy that is in effect on the date when a public education board elects to insure property in the Insurance Fund as part of the program of insurance operated under this Part shall not be insured by the Insurance Fund until the expiration of the commercial insurance or reinsurance policy. On the date of the expiration of the applicable policy, the public education property shall be considered insured by the Insurance Fund.

(2) If a public education board obtains a commercial insurance or reinsurance policy for any public education property that is currently insured by the Insurance Fund, then, on the date the commercial insurance or reinsurance policy is to take effect, any property covered by that commercial insurance or reinsurance policy, to any degree, shall no longer be insured by the Insurance Fund and the certification of insurance issued under this Article shall be considered null and void on that date.

"§ 58-31A-30. Inspections of insured public education properties.

(a) The State Fire Marshal In addition to the inspections required under G.S. 115C-525(b), the Commissioner shall provide for periodic inspections of all public education properties in the State of North Carolina insured under the provisions of this Article, in addition to the inspections required by G.S. 115C-525(b). The person making inspections required under G.S. 115C-525(b) shall furnish a copy to the State Fire Marshal, and the local superintendent shall furnish to the State Fire Marshal their corrective action plan. in the Insurance Fund as part of the program of insurance operated under this Part. Each public education property shall be inspected under this section no less than every five years. The Commissioner shall ensure the State Fire Marshal is provided a copy of each inspection conducted under this section.

(b) The inspections required under this section shall be include inspections related to the prevention of insurable hazards and for safety of buildings and particularly buildings used to provide instruction to students. The inspections shall be the basis for offering such engineering advice as may be thought to be necessary making recommendations to safeguard students in public education buildings from death and injury from school fires or explosions and the insurable hazards and to protect the properties from loss, loss or damage from insurable hazards.

The public education properties-boards shall be required so far as possible, and reasonable, to carry out and put into effect any recommendations made by the State Fire Marshal-Marshal, in accordance with G.S. 115C-525, as a result of these inspections and as a condition of the applicable public education property remaining insured in the Insurance Fund.

"§ 58-31A-35. Information to be furnished prior to insuring in Fund; providing for payment of premiums-Fund.

Public-At least 90 days prior to the date that the applicable public education property is insured in the Insurance Fund as part of the program of insurance operated under this Part, a public education boards shall, at least 90 days before insuring in the Fund, board shall furnish to the State Fire Marshal-Commissioner a complete and detailed list of all public education buildings and contents of those buildings and other insurable public education property, together with property under that board's control and an estimate of the present value of the property. Valuation for purposes of insuring in the Fund shall be reached by agreement in accordance with the procedure established for adjustment of losses. Public education boards and the tax-levying authority shall be required to provide for the payment of premiums for insurance on the school properties of each public education board, respectively, to the extent of not less than eighty percent (80%) of the current insurable value of the said properties, including the insurance in property insurance companies and the insurance provided by the Fund.that property provided by an appraiser selected by the public education board.

"§ 58-31A-40. Determination and adjustment of premium rates; certificate as to insurance carried; no lapse; notice as to premiums required, and payments of premiums-rates.

(a) The State Fire Marshal-Commissioner shall determine the annual-premium rate to be charged for insurance of public education properties pursuant to this Article, and rates in the Insurance Fund as part of the program of insurance operated under this Part. Premium rates shall be adjusted from time to time so as to provide insurance against damage or loss resulting from insurable hazards to public education buildings and properties of the public education boards at the lowest cost possible in keeping with the payment of cost of administration under this Article, and the creation of adequate reserves to pay losses which may be incurred. The State Fire Marshal shall furnish to each public education board annually and, at such times as changes may require, a certificate showing the amount of insurance carried on each item of insurable property. This insurance shall not lapse but shall remain in force until the public education board requests that the insurance be canceled or until such property becomes uninsurable in the manner set out in G.S. 58-31A-45. From time to time, the public education board shall be notified as to the amount of the premiums required to be paid for insurance and the amounts to be provided for in the annual budget of the public education board. The tax-levying authorities shall provide by taxation or otherwise a sum sufficient to pay the required premiums.annually.

(b) The public education board shall, within 30 days from notice of the rate of the premium, pay to the State Fire Marshal the amount of the premiums on the insurance, and in the event that there are no funds available to make a payment on the premiums as required by this subsection, the premium shall be paid out of the first funds available to the public education board. Delayed payments shall bear interest at the rate of six percent (6%) per annum.

(c) In setting the premium rates under this section, all of the following shall be considered:

- (1) The duty to provide insurance against damage or loss resulting from insurable hazards to public education property at a low cost while also ensuring the solvency of the Insurance Fund and the Enterprise Fund.
- (2) The reasonable administrative expenses of the Insurance Fund and the Enterprise Fund.

(3) The need to maintain adequate reserves in the Enterprise Fund to pay claims under this Part for public education property damage or loss resulting from insurable hazards.

(4) The results of the actuarial analysis conducted under G.S. 58-31B-5.

(d) If the balance of the assets held in the Enterprise Fund equals at least five percent (5%) of the combined replacement value of all public education property insured in the State Insurance Fund and all State property, as that term is defined in G.S. 58-31B-1, covered by the Self-insurance Fund, then the required contribution amounts shall be proportionately decreased to an annual amount that is sufficient to maintain the assets held in the Enterprise Fund at five percent (5%) of the combined replacement value of all public education property insured in the Insurance Fund and all State property covered by the Self-insurance Fund.

"§ 58-31A-41. Certificate of insurance.

On no less than an annual basis, and as the need requires, the Commissioner shall furnish to each public education board a certificate showing the amount of insurance carried on each public education property insured as part of the program of insurance operated under this Part. This insurance shall not lapse but shall remain in force unless the public education board requests the insurance be canceled or the public education property becomes uninsurable, as determined by the appraisers under G.S. 58-31A-45 or by the Commissioner.

"§ 58-31A-43. Payment of premiums.

(a) The Commissioner shall set the interval at which payments for premiums under this Part shall be made by a public education board. Intervals shall be set in a manner that takes into account the necessity of the amount due for premiums under this Part to be provided for in the annual budget of public education boards. The Commissioner shall provide notification to each public education board as to the premium amount due at each interval. Within 30 days of notice of an amount due for premiums under this Part, the public education board shall pay the amount due.

(b) The tax-levying authorities associated with a public education board shall provide by taxation or otherwise a sum sufficient to pay the required premiums due under this Part. If there are no funds available to a public education board to make a payment required by this section, then the amount due shall be paid out of the first funds available to the public education board. Delayed payments shall bear interest at the rate of six percent (6%) per annum.

(c) Upon receipt of a payment for any premium due under this Part, the payment shall be deposited in the State Public Education Property Insurance Fund.

~~"§ 58-31A-45. Adjustment of losses; determination and report of appraisers; payment of amounts to treasurers of local school administrative units; disbursement of funds.~~Claims submission and adjudication.

(a) In the event of loss or damage by insurable hazards to a public education buildings and properties for the public education boards, the property insured in the Insurance Fund as part of the program of insurance operated under this Part, a public education board shall submit a claim to the Insurance Fund. The Insurance Fund shall process all claims submitted under this Part. The Insurance Fund shall pay claims associated with the loss (i) ~~in the same proportion as the amount of insurance carried bore to the valuation of the property at the time it was insured, but or damage in an amount not exceeding the amount which that it would cost to repair or replace the property with material of like kind and quality within a reasonable time after the loss,~~ (ii) ~~not in excess of the amount of insurance provided for the property, and (iii) not in excess of the amount of the loss that the Fund is required to pay in participation with property insurance companies having policies of insurance in force on the properties at the time of the loss or damage.~~ The Fund shall not be liable for a greater proportion of any loss than the amount of insurance shall bear to the whole insurance covering the property against the peril involved.loss or damage.

(b) ~~In the event of loss or damage by insurable hazards to public education buildings and properties of the public education boards, to the property insured, when The amount to be paid for a claim under this section is determined by the Commissioner and the public education board controlling the public education property for which the claim was submitted. If an agreement as to the extent of the loss or damage cannot be arrived at between the State Fire Marshal Commissioner and the public education board with control charge of the controlling the property, then the amount of the loss or damage shall be determined by three appraisers-appraisers. The three appraisers shall be disinterested persons who are qualified from experience to appraise and value property and shall be selected as follows: the State Fire Marshal~~

(1) ~~The Commissioner shall select one appraiser, the appraiser.~~

(2) ~~The public education board in control of controlling the property for which the claim was submitted shall select one appraiser, and the appraiser.~~

(3) ~~The two appraisers selected by the State Fire Marshal Commissioner and the public education board shall select a third appraiser. The selected appraisers shall be disinterested persons and shall be qualified from experience to appraise and value the property. If the appraisers appointed by the State Fire Marshal Commissioner and the public education board shall fail to agree upon a third appraiser within 15 days of their selection, then, on request of the State Fire Marshal Commissioner or the public education board, a third appraiser shall be selected by any regular resident superior court judge of the superior court district or set of districts as defined in G.S. 7A-41.1 in which the property is located.~~

(c) ~~The selected appraisers selected and required under this section shall file their written report within 90 days of the selection of all three required appraisers detailing the damage or loss with the State Fire Marshal Commissioner and with the public education board. board that submitted the claim. If the appraisers determine that, after the loss or damage, the public education property is no longer insurable, then this determination shall be included in the report.~~

(d) ~~The costs of the any appraisal required under this section shall be paid from by, and considered an administrative expense of, the State Education Public Property Insurance Fund.~~

(e) ~~Upon the determination of the loss or damage to the public education property made by the appraisers, appraisers selected and required under this section, the State Fire Marshal Insurance Fund shall pay the claim in the full amount of the loss or damage to the education property to the finance officer of the public education board, upon proper warrant of the State Fire Marshal. The funds shall be paid out by the finance officer for the disbursement of the funds to the applicable public education board.~~

"§ 58-31A-50. Maintenance of inspection and engineering service; cancellation and prohibition of insurance.

(a) ~~The State Fire Marshal is authorized and empowered to Commissioner may maintain an inspection and engineering service deemed by it to be appropriate and necessary to reduce the risk of insurable hazards of fire in public education buildings insured in the Fund and to expend for such purpose not in excess of ten percent (10%) of the annual premiums collected from the public education boards. Insurance Fund as part of the program of insurance operated under this Part. This service shall be considered an administrative expense and subject to the fund utilization limitations of G.S. 58-31A-20(d).~~

(b) ~~The State Fire Marshal Commissioner is authorized and empowered to cancel any insurance on or prohibit the insurance of any public education property when, in his or her opinion, in the Insurance Fund if, because of dilapidation and depreciation of the property, the property is not insurable or becomes no longer insurable.~~

(c) ~~The public education board shall be notified at least 30 days prior to cancellation, and in the event any cancellation under this section. If the public education board demonstrates the property can be subject to cancellation has been restored to insurable condition, then the State~~

~~Fire Marshal-Commissioner may continue insurance coverage, provided, that the findings and results of the inspection of public education property by the agents of the State Fire Marshal shall be reported to the public education board and to the tax-levying authority for that public education board that carry insurance with the Fund at least 30 days prior to finalization of a local budget for that fiscal year to ensure that all public education property shall be properly taken care of and made safe from fire hazards or resume insuring that property in the Insurance Fund in accordance with this Part.~~

...."

SECTION 30.4.(f) G.S. 150B-1(d) reads as rewritten:

"(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the following:

...

(35) The Department of Insurance with respect to Part 1 of Article 31A of Chapter 58 of the General Statutes."

SECTION 30.4.(g) Effective May 1, 2025, G.S. 150B-1(d)(35), as enacted by subsection (f) of this section, reads as rewritten:

"(35) The Department of Insurance with respect to Article 31B and Part 1 of Article 31A of Chapter 58 of the General Statutes."

SECTION 30.4.(h) Effective May 1, 2025, the following are repealed:

- (1) G.S. 58-31-1.
- (2) G.S. 58-31-5.
- (3) G.S. 58-31-10.
- (4) G.S. 58-31-12.
- (5) G.S. 58-31-15.
- (6) G.S. 58-31-35.
- (7) G.S. 58-31-45.
- (8) G.S. 58-31A-10.
- (9) G.S. 58-31A-15.
- (10) G.S. 58-31A-55.
- (11) G.S. 147-69.2(a)(12).

SECTION 30.4.(i) The Department of Insurance shall not maintain any commercial insurance or reinsurance policy or coverage to protect the State Property Fire Insurance Fund and State Public Education Property Insurance Fund beyond May 1, 2025, or the earliest date that does not breach any current contract with any insurer or reinsurer, whichever is later. The prorated refund, if any, on insurance or reinsurance premiums shall be transferred to the Public Property Insurance Enterprise Fund, established under G.S. 58-31B-2, as enacted by this section. Beginning May 1, 2025, no State property shall be covered by the State Property Fire Insurance Fund and instead shall be covered by the State Property Self-insurance Fund.

SECTION 30.4.(j) There is appropriated from the State Emergency Response and Disaster Relief Fund to the Public Property Insurance Enterprise Fund, established under G.S. 58-31B-2, as enacted by this section, the sum of two hundred million dollars (\$200,000,000) in nonrecurring funds for the 2024-2025 fiscal year to be used for the initial capitalization of the Enterprise Fund. Until May 1, 2025, up to the total of one million five hundred thousand dollars (\$1,500,000) of these funds may be used for administrative purposes to implement this section.

SECTION 30.4.(k) On May 1, 2025, the following funds shall be transferred to the Public Property Insurance Enterprise Fund, established under G.S. 58-31B-2, as enacted by this section:

- (1) All funds in the State Public Education Property Insurance Fund as of April 30, 2025, that are not associated with a premium payment due for insurance in the State Public Education Property Insurance Fund on or after May 1, 2025.

(2) All funds in State Property Fire Insurance Fund.

SECTION 30.4.(l) As efficiently as practicable, the Department of Insurance shall develop policies and procedures related to the implementation of Article 31B of Chapter 58 of the General Statutes and the changes to Article 31A of Chapter 58 of the General Statutes, as enacted by this section.

SECTION 30.4.(m) The Department of Administration and the Department of Insurance shall enter into a memorandum of understanding for the transfer of funds from the State Property Self-insurance Fund to be used to cover the costs to the Department of Administration for two full-time positions to assist with the appraisal of State property in conjunction with the Facilities Assessment Condition Program for State property. Funds transferred for this purpose shall be considered an administrative expense of the State Property Self-insurance Fund.

SECTION 30.4.(n) Effective May 1, 2025, G.S. 115C-523.1 reads as rewritten:

"§ 115C-523.1. Duty to insure public school property.

(a) The local board of education of every local school administrative unit in the public school system of this State, ~~in order to safeguard the investment made in public schools, shall~~ State shall do all of the following:

...

(3) Provide to the Commissioner of Insurance a list of all of its insurable buildings, the equipment and contents of the buildings, and their insurable values by October 1 of each year.

...

(c) Local boards of education ~~may purchase~~ shall satisfy the minimum insurance requirements of subsection (a) of this section by doing either of the following, or some combination of the two:

(1) Purchasing insurance from companies duly licensed and authorized to sell insurance in this State or may obtain insurance in accordance with the provisions of Article 31A of Chapter 58 of the General Statutes, "State Insurance of Public Education Property." State. If a local board of education purchases insurance from a company duly licensed and authorized to sell insurance in this State for any insurable building, its equipment, or its contents, then the local board of education shall provide the Commissioner with a copy of the policy of insurance. If the policy of insurance is cancelled, terminated, or changed for any reason, then the local board of education shall notify the Commissioner within five days of the effective date of the cancellation, termination, or change.

(2) Insuring public education property against loss from all insurable hazards, as that term is defined in G.S. 58-31A-1, in the program of insurance operated under Part 1 of Article 31A of Chapter 58 of the General Statutes.

...."

SECTION 30.4.(o) Effective May 1, 2025, G.S. 115C-523.2 reads as rewritten:

"§ 115C-523.2. Flood insurance.

(a) The local board of education of every local school administrative unit in the public school system of this State, in order to safeguard the investment made in public schools, shall insure and keep insured to the extent of not less than eighty percent (80%) of the current insurable value, as determined by the insurer and the insured, of each of its insurable buildings against flood when that property is located, or becomes located in, an area identified on the latest Flood Insurance Rate Map produced by the Federal Emergency Management Agency as area that will be inundated by the flood event having a one percent (1%) chance of being equaled or exceeded in any given year. The local board of education shall provide to the Commissioner of Insurance

a list of all of its insurable buildings against flood and their insurable values by October 1 of each year.

(c) Local boards of education ~~may purchase~~ shall satisfy the minimum insurance requirements of subsection (a) of this section by doing either of the following, or some combination of the two:

(1) Purchasing insurance from companies duly licensed and authorized to sell insurance in this State or may obtain insurance in accordance with the provisions of Article 31A of Chapter 58 of the General Statutes, "State Insurance of Public Education Property." State. If a local board of education purchases insurance from a company duly licensed and authorized to sell insurance in this State for any insurable building against flood, then the local board of education shall provide the Commissioner with a copy of the policy of insurance. If the policy of insurance is cancelled, terminated, or changed for any reason, then the local board of education shall notify the Commissioner within five days of the effective date of the cancellation, termination, or change.

(2) Insuring public education property against loss from all insurable hazards, as that term is defined in G.S. 58-31A-1, in the program of insurance operated under Part 1 of Article 31A of Chapter 58 of the General Statutes.

...."

SECTION 30.4.(p) Effective May 1, 2025, G.S. 115D-58.11 reads as rewritten:

"§ 115D-58.11. Fire and casualty insurance on institutional buildings and contents.

(a) The board of trustees of each institution, ~~in order to safeguard the investment in institutional buildings and their contents, shall:~~ institution shall do all of the following:

(3) Provide to the Commissioner of Insurance a list of all of its institution's insurable buildings, the equipment and contents of the buildings, and their insurable values by October 1 of each year.

(c) Boards of trustees ~~may purchase~~ shall satisfy the minimum insurance requirements of subsection (a) of this section by doing either of the following, or some combination of the two:

(1) Purchasing insurance from companies duly licensed and authorized to sell insurance in this State or may obtain insurance in accordance with the provisions of Article 31A of Chapter 58 of the General Statutes, "State Insurance of Public Education Property." State. If the board of trustees of an institution purchases insurance from a company duly licensed and authorized to sell insurance in this State for any insurable building, its equipment, or its contents, then the board of trustees shall provide the Commissioner with a copy of the policy of insurance. If the policy of insurance is cancelled, terminated, or changed for any reason, then the board of trustees shall notify the Commissioner within five days of the effective date of the cancellation, termination, or change.

(2) Insuring public education property against loss from all insurable hazards, as that term is defined in G.S. 58-31A-1, in the program of insurance operated under Part 1 of Article 31A of Chapter 58 of the General Statutes.

...."

SECTION 30.4.(q) Effective May 1, 2025, G.S. 115D-58.11A reads as rewritten:

"§ 115D-58.11A. Flood insurance.

(a) The board of trustees of each institution, in order to safeguard the investment in institutional buildings and their contents, shall insure and keep insured to the extent of not less

than eighty percent (80%) of the current insurable value, as determined by the insurer and the insured, of each of its insurable buildings against flood when that property is located, or becomes located in, an area identified on the latest Flood Insurance Rate Map produced by the Federal Emergency Management Agency as area that will be inundated by the flood event having a one percent (1%) chance of being equaled or exceeded in any given year. The board of trustees of each institution shall provide to the Commissioner of Insurance a list of all of its institution's insurable buildings against flood and their insurable values by October 1 of each year.

...

(c) The board of trustees ~~may purchase~~ shall satisfy the minimum insurance requirements of subsection (a) of this section by doing either of the following, or some combination of the two:

- (1) Purchasing insurance from companies duly licensed and authorized to sell insurance in this State or may obtain insurance in accordance with the provisions of Article 31A of Chapter 58 of the General Statutes, "State Insurance of Public Education Property." State. If the board of trustees of an institution purchases insurance from a company duly licensed and authorized to sell insurance in this State for any insurable building against flood, the board of trustees shall provide the Commissioner with a copy of the policy of insurance. If the policy of insurance is cancelled, terminated, or changed for any reason, the board of trustees shall notify the Commissioner within five days of the effective date of the cancellation, termination, or change.
- (2) Insuring public education property against loss from all insurable hazards, as that term is defined in G.S. 58-31A-1, in the program of insurance operated under Part 1 of Article 31A of Chapter 58 of the General Statutes.

...."

SECTION 30.4.(r) Effective May 1, 2025, G.S. 58-2-40 is amended by adding two new subdivisions to read:

- "(11) Administer the State Public Education Property Insurance Fund under Part 1 of Article 31A of this Chapter.
- (12) Administer the Public Property Insurance Enterprise Fund and the State Property Self-insurance Fund under Article 31B of this Chapter."

SECTION 30.4.(s) Effective May 1, 2025, Article 31 of Chapter 58 of the General Statutes is amended by adding a new section to read:

"§ 58-31-16. Coverage for property not included in the State Property Self-insurance Fund.

(a) The Commissioner is authorized to acquire coverage for any property under the control of a State department, agency, or institution that is either exempt from Part 2 of Article 31B of this Chapter or for which there is no coverage under Article 31B of this Chapter.

(b) The cost for any coverage acquired for a State department, agency, or institution under this section shall be paid in full by that State department, agency, or institution."

SECTION 30.4.(t) G.S. 58-31-20, as amended by Section 6.4(a) of S.L. 2024-1, reads as rewritten:

"§ 58-31-20. Use and occupancy and business interruption insurance.

(a) ~~Upon~~ The Commissioner may acquire use and occupancy or business interruption insurance upon the request of any State department, agency, or institution, use and occupancy and business interruption insurance shall be provided on state-owned institution for specifically designated State-owned property of such that department, agency, or institution which is insured by the State Property Fire Insurance Fund. Institution.

(b) ~~Premiums for such any use and occupancy or business interruption insurance coverage requested under this section shall be paid by each requesting department, agency, or institution in accordance with rates fixed by the State Fire Marshal. Losses covered by such insurance may be paid for out of the State Property Fire Insurance Fund in the same manner as fire losses. Commissioner that covers the costs of the insurance in full.~~

(c) ~~The State Fire Marshal, Commissioner, with the approval of the Governor and Council of State, is authorized and empowered to shall purchase from insurers admitted to do business in North Carolina such use and occupancy or business interruption insurance or reinsurance products as may be necessary to protect the State Property Fire Insurance Fund against loss with respect to such insurance coverage to meet the coverage requested by a State department, agency, or institution under this section.~~"

SECTION 30.4.(u) G.S. 63A-24(a)(4) reads as rewritten:

"(4) Article ~~31~~ 31B of Chapter 58 of the General Statutes shall not apply to a building located on State lands that is (i) privately owned or privately leased and (ii) located within the North Carolina Global TransPark, provided the requirements of ~~G.S. 58-31-2~~ G.S. 58-31B-40 are met."

SECTION 30.4.(v) Except as otherwise provided, this section is effective July 1, 2024.

PART XXXI. INSURANCE – INDUSTRIAL COMMISSION [RESERVED]

PART XXXII. LIEUTENANT GOVERNOR [RESERVED]

PART XXXIII. MILITARY AND VETERANS AFFAIRS

NORTH CAROLINA VETERANS CEMETERY TRUST FUND/CODIFY LANGUAGE

SECTION 33.1. Article 8A of Chapter 65 of the General Statutes is amended by adding a new section to read:

"§ 65-45. North Carolina Veterans Cemeteries Trust Fund.

(a) There is hereby established the North Carolina Veterans Cemeteries 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 operations and maintenance of the State's veterans' cemeteries. Interest accruing from the monies in the Fund shall be credited to the Fund. The Fund shall consist of the following sources of funding:

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

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

(b) The funds in the Fund shall be allowed to accumulate until they have generated sufficient interest earnings to maintain the State's veterans' cemeteries once they have reached full capacity. The interest earnings in the Fund shall be used to maintain existing veterans' cemeteries once they have reached full capacity, but the principal shall not be spent. The interest earnings in the Fund shall not be used to open new veterans' cemeteries. The Veterans Affairs Commission shall have sole authority to approve the use of the Fund for the purposes authorized in this subsection, and they shall, in exercising that authority, act without direction from or supervision of the Department of Military and Veterans Affairs."

AMENDING THE LAWS RELATING TO STATE VETERANS CEMETERIES AND DMVA

SECTION 33.2.(a) Article 8A of Chapter 65 of the General Statutes is amended by adding a new section to read:

"§ 65-45. Burial service.

Graveside services are not permitted at State veterans cemeteries. Committal services shall be held in the chapel on the cemetery grounds or at a committal shelter on the cemetery grounds. Committal services may last up to 60 minutes. Family members and other attendees are required to exit the cemetery grounds when the service ends. Family members may return to the gravesite

after the burial of the casket or urn is completed and the area is cleared of all equipment and materials."

SECTION 33.2.(a1) G.S. 65-43 reads as rewritten:

"§ 65-43. Definitions.

For purposes of this Article, the following definitions shall apply, unless the context requires otherwise:

...

(2) ~~A "legal resident" of a state means a person whose principal residence or abode is in that state, who uses that state to establish his or her right to vote and other rights in a state, and who intends to live in that state, to the exclusion of maintaining a legal residence in any other state.~~

(3) A "qualified veteran" means a veteran who ~~meets the requirements of sub-subdivisions a. and b. of this subdivision:~~

~~a. A veteran who served an honorable military service or who served a period of honorable nonregular service and is any of the following:~~

~~1.a. A veteran who is entitled to retired pay for nonregular service under 10 U.S.C. §§ 12731-12741, as amended.~~

~~2.b. A veteran who would have been entitled to retired pay for nonregular service under 10 U.S.C. §§ 12731-12741, as amended, but for the fact that the person was under 60 years of age.~~

~~3.c. A veteran who is eligible for interment in a national cemetery under 38 U.S.C. § 2402, as amended.~~

~~b. Who is a legal resident of North Carolina:~~

~~1. At the time of death, or~~

~~2. For a period of at least 10 years, or~~

~~3. At the time he or she entered the Armed Forces of the United States."~~

SECTION 33.2.(a2) G.S. 65-43.2 reads as rewritten:

"§ 65-43.2. Proof of eligibility.

...

(b) The survivors or legal representative of the deceased shall notify the funeral director that the deceased is to be interred in a veterans cemetery. The survivor or legal representative shall furnish the funeral director with documentary evidence of the veteran's honorable military ~~service and evidence to establish that the veteran is a legal resident of North Carolina.~~ service. The funeral director shall notify the superintendent of the nearest State veterans cemetery to arrange for the interment and convey to the superintendent all evidence to establish the veteran's eligibility."

SECTION 33.2.(b) Article 14 of Chapter 143B of the General Statutes reads as rewritten:

"Article 14.

"Department of Military and Veterans Affairs

"Part 1. General Provisions.

"§ 143B-1210. Organization.

(a) There is established the Department of Military and Veterans Affairs. The head of the Department of Military and Veterans Affairs is the Secretary of Military and Veterans Affairs, who shall be known as the Secretary.

(b) ~~The powers and duties of the deputy secretaries and the divisions and directors of the Department shall be subject to the direction and control of the Secretary of Military and Veterans Affairs.~~

"§ 143B-1211. Powers and duties of the Department of Military and Veterans Affairs.

It shall be the duty of the Department of Military and Veterans Affairs to do all of the following:

...

(10) Manage and maintain the State's veterans nursing homes and cemeteries and their associated assets to the standard befitting those who have worn the uniform of the Armed Forces according to federal guidelines. Plan for expansion and grow the capacity of these facilities and any new facilities as required pending the availability of designated funds. Funds to perform the duties required by this subdivision shall be spent pursuant to appropriation by the General Assembly; provided, however, the expenditure of funds for the State's veterans nursing homes shall be in accordance with G.S. 143B-1294(c). The Department may enter into contracts to perform the duties required by this subdivision.

...

~~(12) Provide administrative, organizational, and funding support to the Governor's Working Group for Veterans.~~

...

(25) Report to the Joint Legislative Oversight Committee on General Government and the Fiscal Research Division no later than February 1 of each year the name of each county that applied for funds under subdivision (24) of this section and the amount of funds provided to each county.

"§ 143B-1217. Military Presence Stabilization Fund.

...

(b) Notwithstanding the provisions of G.S. 143B-1214 and subsection (a) of this section, funds appropriated to the Military Presence Stabilization Fund may be used for the following purposes:

...

~~(8) Fully fund a position at the North Carolina Economic Development Center.~~

...

"Part 2. Veterans' Affairs Commission.

"§ 143B-1224. Definitions.

As used in this Part the terms defined in this section shall have the following meaning:

...

(2) "Armed Forces" means the United States Army, Navy, Marine Corps, Air Force, Space Force, and Coast Guard, including their reserve components.

...

"Part 8. Miscellaneous Provisions.

"§ 143B-1276. Korean and Vietnam veterans; benefits and privileges.

(a) All benefits and privileges now granted by the laws of this State to veterans of World War I and World War II and their dependents and next of kin are hereby extended and granted to veterans of the Korean Conflict and their dependents and next of kin.

For the purposes of this section, the term "veterans of the Korean Conflict" means those persons serving in the Armed Forces of the United States during the period beginning on June 27, 1950, and ending on January 31, 1955.

(b) All benefits and privileges now granted by the laws of this State to veterans of World War I, World War II, the Korean Conflict, and their dependents and next of kin are hereby extended and granted to veterans of the Vietnam era and their dependents and next of kin.

For purposes of this section, the term "veterans of the Vietnam era" means those persons serving in the Armed Forces of the United States during the period beginning August 5, 1964,

and ending on such date as shall be prescribed by Presidential proclamation or concurrent resolution of the Congress. May 7, 1975.

...

"Part 9. Priority in Employment Assistance for Veterans of the Armed Forces of the United States.

...

"§ 143B-1285. Implementation and performance measures.

~~The North Carolina Commission on Workforce Preparedness~~ NC Works Commission shall:

...

"Part 10. State Veterans Home.

...

"§ 143B-1291. ~~Establishment.~~ Establishment of State veterans homes; closing homes.

(a) Establishment. – The State of North Carolina shall construct, maintain, and operate veterans homes for the aged and infirm veterans resident in this State under the administrative authority and control of the Department of Military and Veterans Affairs. There is vested in the Department ~~any and all the powers and authority that may be necessary to enable it to establish and operate the homes and to~~ operate the homes shall be pursuant to appropriation by the General Assembly except as provided in G.S. 143B-1294(c). The Department shall issue rules necessary to operate the homes in compliance with applicable State and federal statutes and regulations. The Department may enter into contracts to construct and maintain veterans homes in accordance with the provisions of Articles 3, 3C, 3D, and 8 of Chapter 143 of the General Statutes and procedures established by the Division of Purchase and Contract and the Office of State Construction. The Department may enter into contracts to operate veterans homes as provided in G.S. 143B-1295.

(b) Report Condition Assessment Results. – If the Department determines, based upon an assessment conducted by the Office of State Construction, the Department, or an entity with whom the Department has contracted to conduct the assessment, that a State veterans home requires repair in order to maintain the home in a safe and habitable condition, the Department shall, not later than three calendar days after receiving the assessment report, submit a report of the assessment findings to the Joint Legislative Oversight Committee on General Government, the House Appropriations Committee on General Government, the Senate Appropriations Committee on General Government and Information Technology, and the Fiscal Research Division. The report shall, at a minimum, include the name of the State agency or other entity that conducted the assessment, the reason for the assessment, the dangerous conditions found, the Department's recommendations for remedying the dangerous conditions, and the estimated costs of remedying the dangerous conditions.

...

"§ 143B-1293. North Carolina Veterans Home Trust Fund.

...

(c) Use of Fund. – The trust fund created in subsection (a) of this section shall be used by the Department of Military and Veterans Affairs to do the following:

- (1) To pay for the care of veterans in said State veterans homes;
- (2) To pay the general operating expenses of the State veterans homes, including the payment of salaries and wages of officials and employees of said homes; and
- (3) To pay the costs to remodel, repair, construct, modernize, or add improvements to buildings and facilities at the homes.

...

"§ 143B-1294. Funding.

...

(c) All funds received by the Department shall be deposited in the North Carolina Veterans Home Trust Fund, except for any funds deposited into special agency accounts established pursuant to G.S. 143B-1293(d)(3). The Veterans' Affairs Commission shall authorize the expenditure of all funds from the North Carolina Veterans Home Trust Fund pursuant to appropriation by the General Assembly; provided, however, notwithstanding any provision of Chapter 143C of the General Statutes, the Veterans' Affairs Commission is authorized to expend up to one million dollars (\$1,000,000) in each fiscal year for capital projects or improvements at State veterans nursing homes without appropriation by the General Assembly. The Veterans' Affairs Commission ~~may~~ may, by majority vote, delegate authority to the ~~Assistant Secretary of the Department of Military and Veterans Affairs for the expenditure of funds to expend funds,~~ as provided in this subsection, from the North Carolina Veterans Home Trust Fund for operations of the State ~~Veterans Nursing Homes~~ veterans nursing homes. The delegation of authority shall apply only to the person holding the office of Secretary of the Department at the time the vote is undertaken, and a new vote to delegate authority must be undertaken by the Commission each time a person is appointed to serve as Secretary or designated to serve as chair of the Commission under G.S. 143B-1221.

"§ 143B-1295. Contracted operation of homes.

The ~~Department of Military and Veterans Affairs, in consultation with the Veterans' Affairs Commission~~ Commission, may contract with persons or other nongovernmental entities to operate each State veterans home. Contracts for the procurement of services to manage, administer, and operate any State veterans home shall be awarded on a competitive basis through the solicitation of proposals and through the procedures established by statute and the Division of Purchase and Contract. A contract may be awarded to the vendor whose proposal is most advantageous to the State, taking into consideration cost, program suitability, management plan, excellence of program design, key personnel, corporate or company resources, financial condition of the vendor, experience and past performance, and any other qualities deemed necessary by the ~~Veterans' Affairs Commission~~ Department and set out in the solicitation for proposals. Any contract awarded under this section shall not exceed five years in length. The ~~Veterans' Affairs Commission~~ Department is not required to select or recommend the vendor offering the lowest cost proposal but shall select or recommend the vendor who, in the opinion of the ~~Commission~~ Department, offers the proposal most advantageous to the veterans and the State of North Carolina.

"§ 143B-1296. Program staff.

The Department shall appoint and fix the salary of an ~~Administrative Officer~~ Program Director for the State veterans home program. The ~~Administrative Officer~~ Program Director shall be an honorably discharged veteran who has served in active military service in the Armed Forces of the United States for other than training purposes. The ~~Administrative Officer~~ Program Director shall direct the establishment of the State veterans home program, coordinate the master planning, land acquisition, and construction of all State veterans homes under the procedures ~~of~~ established by the Office of State Construction, and oversee the ongoing operation of ~~said~~ the veterans homes. The ~~Division~~ Department may hire any required additional administrative staff to ~~help~~ assist with administrative and operational responsibilities at each established State veterans home.

...

"§ 143B-1298. Eligibility and priorities.

(a) To be eligible for admission to a State veterans home, an applicant shall meet the following requirements:

...

- (3) The veteran shall be disabled by age, disease, or other reason as determined through a physical examination by a ~~State veterans home licensed~~ physician; and

...

"§ 143B-1299. ~~Deposit required.~~Cost of maintaining residence in State veterans home.

Each resident of any State veterans home shall pay to the Department of Military and Veterans Affairs the cost of maintaining his or her residence at the home. ~~This deposit Funds collected from residents under this section~~ shall be placed in the North Carolina Veterans Home Trust Fund and shall be in an amount and in the form prescribed by the Veterans' Affairs Commission in consultation with the ~~Assistant Secretary for Department of Military and Veterans Affairs.~~

"§ 143B-1300. Report and budget.

(a) ~~The Assistant Secretary for Veterans Affairs shall report annually to the Secretary of the Department of Military and Veterans Affairs and shall report annually to the Joint Legislative Oversight Committee on General Government and the Fiscal Research Division on the activities of the State Veterans Homes Program. This report shall contain an accounting of all monies received and expended, statistics on residents in the homes during the year, recommendations to the Secretary, the Governor, Governor and the General Assembly as to the program, on ways to improve the services provided by the homes, and such other matters as may be deemed pertinent.~~

...

"§ 143B-1301. Detailed annual report.

By March 1 of odd-numbered years and September 1 of even-numbered years, the Department of Military and Veterans Affairs shall report to the Joint Legislative Oversight Committee on General Government, the Senate Appropriations Committee on General Government and Information Technology, the House of Representatives Appropriations Committee on General Government, and the Fiscal Research Division on the status of the State Veterans Homes program by providing a general overview of the State Veterans Homes and a specific description of each facility which shall include, at a minimum, all of the following:

- ...
- (1a) Facility condition assessment, including any structural, mechanical, plumbing, electrical, or other issue that affects the integrity of the facility that should be repaired or replaced within the 12 months immediately following submission of the report required by this section.

...

"Part 11. North Carolina Military Affairs Commission.

...

"§ 143B-1311. Membership.

...

(b) The voting members of the Commission shall be appointed as follows:

- (1) Thirteen members appointed by the Governor, consisting of:

...

d. One person residing near ~~Ft. Bragg, Fort Liberty~~, who is retired from the military and is actively involved in a military affairs organization, or a person who is involved in military issues through civic, commercial, or governmental relationships.

...

h. One person who is a resident of North Carolina with a long-term connection to the State and who is a current or retired member of a reserve component of the United States Air Force, Army, Navy, Space Force, or Marines-Marine Corps and who is involved in a military affairs organization or involved in military issues through civic, commercial, or governmental relationships.

- (2) Five members appointed by the Speaker of the House of Representatives, consisting of:

...

e. One person residing near ~~Ft. Bragg, Fort Liberty~~, who is retired from the military and is actively involved in a military affairs organization, or a person who is involved in military issues through civic, commercial, or governmental relationships.

(3) Five members appointed by the President Pro Tempore of the Senate, consisting of:

...

e. One person residing near ~~Ft. Bragg, Fort Liberty~~, who is retired from the military and is actively involved in a military affairs organization, or a person who is involved in military issues through civic, commercial, or governmental relationships.

...

(h) The initial meeting of the Commission shall be within 30 days of the effective date of this act at a time and place to be determined by the Secretary of Commerce. The first order of business at the initial meeting of the Commission shall be the adoption of bylaws and establishment of committees, after which the Commission shall meet upon the call of the ~~Chairman or the Secretary of the Department of Military and Veterans Affairs.~~ chair. The members shall receive no compensation for attendance at meetings, except a per diem expense reimbursement. Members of the Commission who are not officers or employees of the State shall receive reimbursement for subsistence and travel expenses at rates set out in G.S. 138-5 from funds made available to the Commission. Members of the Commission who are officers or employees of the State shall be reimbursed for travel and subsistence at the rates set out in G.S. 138-6 from funds made available to the Commission. Members of the Commission who are also members of the General Assembly shall receive subsistence and travel expenses as authorized by G.S. 120-3.1. The Department of Military and Veterans Affairs shall use funds within its budget for the per diem, subsistence, and travel expenses authorized by this subsection."

SECTION 33.2.(c) Part 3 and Part 6 of Article 14 of Chapter 143B of the General Statutes are repealed.

SECTION 33.2.(d) This section is effective when it becomes law.

PART XXXIV. REVENUE [RESERVED]

PART XXXV. SECRETARY OF STATE [RESERVED]

PART XXXVI. TREASURER

CLARIFY AUTHORITY TO MODIFY LOAN

SECTION 36.1.(a) G.S. 53-180 is amended by adding a new subsection to read:

"(l) Loan Modification or Restructuring. – A loan contract may be modified or restructured so long as the interest rate after the original maturity date does not exceed the eight percent (8%) per annum limitation set forth in G.S. 53-173(d). A modification or restructuring may provide for a reduction of interest rate, reduction of principal, reduction in the amount of accrued interest, suspension of or modification of payment amounts, extension of the term of the loan, or any combination of these terms. A modification of payment amounts for the term of a loan modification or restructuring is not subject to subsection (a) of this section but shall not provide for a balloon payment. A licensee shall document the terms of any agreement to modify or restructure an existing loan contract by setting forth the terms of the modified or restructured loan in its loan records and shall provide to the borrower a written notice of the changes. A licensee shall not charge a borrower a fee to modify or restructure a loan unless authorized by

G.S. 53-177(c). A licensee shall not require additional collateral as a condition for a loan modification or restructuring."

SECTION 36.1.(b) This section becomes effective October 1, 2024, and applies to loan contracts modified or restructured on or after that date.

TECHNICAL CORRECTION TO CONSUMER FINANCE ACT

SECTION 36.2.(a) G.S. 53-178 reads as rewritten:

"§ 53-178. No further charges; no splitting contracts; certain contracts void.

No further or other charges or insurance commissions shall be directly or indirectly contracted for or received by any licensee, affiliate, parent, subsidiary, or licensee under the same ownership, management, or control, whether partial or complete, except those specifically authorized by this Article, by the Commissioner under G.S. 53-172 or any other statute. No licensee shall divide into separate parts any contract made for the purpose of or with the effect of obtaining interest or charges in excess of those authorized by this Article. All balances due to a licensee from any person as a borrower or as an endorser, guarantor or surety for any borrower or otherwise jointly or severally, shall be considered a part of any loan being made by a licensee to such person for the purpose of computing interest or charges, or exceeding the maximum loan amount of fifteen thousand dollars (\$15,000) established in G.S. 53-176(a)."

SECTION 36.2.(b) This section is effective when it becomes law.

PART XXXVII. GENERAL GOVERNMENT – MISCELLANEOUS

INCREASE HOUR REQUIREMENT FOR MASSAGE THERAPY LICENSURE

SECTION 37.1.(a) G.S. 90-629 reads as rewritten:

"§ 90-629. Requirements for licensure to practice.

Upon application to the Board and the payment of the required fees, an applicant may be licensed as a massage and bodywork therapist if the applicant meets all of the following qualifications:

- (1) Has obtained a high school diploma or equivalent.
- (2) Is 18 years of age or older.
- (3) Is of good moral character as determined by the Board.
- (4) Has successfully completed a training program consisting of a minimum of ~~500~~ 650 in-class hours of supervised instruction at a Board-approved school.
- (5) Has passed a competency assessment examination that meets generally accepted psychometric principles and standards and is approved by the Board.
- (6) Has submitted fingerprint cards in a form acceptable to the Board at the time the license application is filed and consented to a criminal history record check by the State Bureau of Investigation.
- (7) Demonstrates satisfactory proof of proficiency in the English language."

SECTION 37.1.(b) This section becomes effective July 1, 2024, and applies to licenses issued on or after that date.

PART XXXVIII. INFORMATION TECHNOLOGY

STATE AGENCY INCIDENT RESPONSE/ENHANCE DIT RISK MANAGEMENT

SECTION 38.1.(a) Of the funds appropriated in this act to the Department of Information Technology (DIT), Information Technology Fund, the sum of twenty million dollars (\$20,000,000) for the 2024-2025 fiscal year shall be used to enhance DIT's capabilities with respect to each of the following areas:

- (1) State agency adherence to plans and policies related to cybersecurity incident, security alert, advisory response, and security awareness and agency cybersecurity training protocols.
- (2) Monitoring and ensuring State agency adherence to risk assessment policy for identification and remediation of critical security vulnerabilities, including, but not limited to, significant cybersecurity incidents.
- (3) Review of State agency incident response plans to ensure security standards are met with respect to cybersecurity incidents.

SECTION 38.1.(a1) The funds allocated in subsection (a) of this section shall be used to fund these projects and purposes:

- (1) Office of the State Controller. – Cloud based security position.
- (2) Department of Insurance. – Departmentwide cybersecurity.
- (3) Office of State Human Resources. – Time-limited position for information technology security.
- (4) Office of the Secretary of State. – Cybersecurity and infrastructure enhancement administration.
- (5) Department of Public Instruction. – K-12 cybersecurity service endpoint.
- (6) Department of Public Instruction. – Cybersecurity regional support.
- (7) Department of Public Instruction. – Cyber capacity expansion project.
- (8) State Bureau of Investigation. – Cybersecurity upgrades.

SECTION 38.1.(b) Beginning with the 2025-2027 fiscal biennium, the costs of DIT's enhanced role in enterprise-wide cybersecurity shall be established as part of the Internal Service Fund rates charged to agencies pursuant to G.S. 143B-1333.

SECTION 38.1.(c) G.S. 143B-1378 reads as rewritten:

"§ 143B-1378. Assessment of agency compliance with cybersecurity ~~standards, plans and standards; reporting requirements.~~

(a) At a minimum, the State CIO shall annually assess the ability of each State agency, and each agency's contracted vendors, to comply with the current cybersecurity enterprise-wide set of standards established pursuant to this section. The assessment shall include, at a minimum, the rate of compliance with the enterprise-wide security standards and an assessment of security organization, security practices, security information standards, network security architecture, and current expenditures of State funds for information technology security. The assessment of a State agency shall also estimate the initial cost to implement the security measures needed for agencies to fully comply with the standards as well as the costs over the lifecycle of the State agency information system. Each State agency shall submit information required by the State CIO for purposes of this assessment. The State CIO shall include the information obtained from the assessment in the State Information Technology Plan. The State CIO shall consider an agency's noncompliance with cybersecurity plans and standards when reviewing agency requests under Part 3 (Information Technology Projects and Management) and Part 4 (Information Technology Procurement) of this Article.

(b) Beginning March 1, 2025, and then annually thereafter, the State CIO shall report each agency that is not complying with agency or statewide cybersecurity plans or standards to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division."

SECTION 38.1.(d) The following definitions apply in this section:

- (1) Cybersecurity incident. – As defined by G.S. 143B-1320(4a).
- (2) Significant cybersecurity incident. – As defined by G.S. 143B-1320(16a).
- (3) State agency or agency. – As defined by G.S. 143B-1320(17).

GDAC/ESTABLISH SCHOLARPATH PLATFORM

SECTION 38.2.(a) Section 7.48 of S.L. 2023-134 is repealed.

SECTION 38.2.(b) G.S. 143B-1385(b)(3) reads as rewritten:

"(3) Powers and duties. – The State CIO shall, through the GDAC, do all of the following:

...

o. Implement the online platform creating a twelfth-grade transition program for all high school students. The program shall include an education planning and communication platform that helps students and parents prepare for transition to twelfth grade."

SECTION 38.2.(c) Of the funds appropriated in this act to the Department of Information Technology (DIT), the Government Data Analytics Center (GDAC) shall use up to five million dollars (\$5,000,000) in nonrecurring funds for the 2024-2025 fiscal year to contract with MyScholar, LLC, to implement the ScholarPath platform to create the Twelfth Grade Transition Program for all high school students. The GDAC shall implement and manage the Program, which shall consist of the following:

- (1) An education planning and communication platform that helps students and parents prepare for transition to twelfth grade, regardless of public school unit participation.
- (2) Utilize O*NET data and additional student surveys to connect and match students to pathways that meet the interests of the students, current workforce initiatives, and opportunities in high demand careers.
- (3) Give students the ability to be connected to colleges, the workforce, and the military, while protecting student data through deindividualized and encrypted methods.
- (4) Include a platform accessible by single sign-on through any North Carolina school provided email.

The data collected shall be able to be housed in the State and shall be used to help identify the workforce needs in the State. MyScholar, LLC, shall provide requested information to the Economic Development Partnership of North Carolina, the Department of Labor, and the Department of Public Instruction.

SECTION 38.2.(d) Notwithstanding the Committee Report described in Section 43.2 of S.L. 2023-134 or any other provision of law to the contrary, funds appropriated to the Department of Public Instruction in the amount of two million five hundred thousand dollars (\$2,500,000) in nonrecurring funds for the 2023-2024 fiscal year shall instead be appropriated to the Government Data Analytics Center (Budget Fund 104414) for the purposes described in subsections (b) and (c) of this section. The funds appropriated for the purposes described in this section shall be considered an information technology project within the meaning of G.S. 143C-1-2.

SECTION 38.2.(e) Subsection (d) of this section becomes effective June 30, 2024. The remainder of this section becomes effective July 1, 2024.

MIDDLE MILE BROADBAND REDUNDANCY

SECTION 38.3.(a) The Department of Information Technology shall use up to twenty million dollars (\$20,000,000) in unencumbered funds from the Growing Rural Economies with Access to Technology Fund established in G.S. 143B-1373(b) for the purpose of funding any submitted middle mile grant applications under the federal National Telecommunications and Information Administration (NTIA) Middle Mile Grant Program impacting tier 1 and tier 2 counties that are unfunded by the Department. The funding shall be used for any middle mile projects that close a fiber loop to create redundancies for areas consisting of barrier islands or any area where an outage results in downstream outages. Special consideration shall be given to those projects with a significant impact on public safety and the maintenance of emergency communication during natural disasters and public emergency events. A grant recipient under

1 this section shall provide matching funds of up to one million dollars (\$1,000,000). State funding
 2 for any single grant under this section shall not exceed twenty million dollars (\$20,000,000).

3 **SECTION 38.3.(b)** This section expires on June 30, 2025.

5 **COMPLETING ACCESS TO BROADBAND PROGRAM CHANGES**

6 **SECTION 38.4.(a)** Notwithstanding the county project cost responsibility in
 7 G.S. 143B-1373.1(d) and (e), of the funds appropriated to the Department of Information
 8 Technology (Department) from the State Fiscal Recovery Fund and the Coronavirus Capital
 9 Projects Fund for projects under the Completing Access to Broadband grant program (Program)
 10 in G.S. 143B-1373.1, the Department shall utilize up to one hundred ninety million dollars
 11 (\$190,000,000) to provide the county project cost responsibility required in G.S. 143B-1373.1(e)
 12 and the State project cost responsibility for the 37 counties that have committed to the
 13 Department to participate in the Program and provide the county match as of May 1, 2024. A
 14 county may decline to accept any portion of the county project cost responsibility funding from
 15 the Department described in this subsection by notifying the Department within 30 days of the
 16 effective date of this section.

17 **SECTION 38.4.(b)** G.S. 143B-1373.1 reads as rewritten:

18 "**§ 143B-1373.1. Completing Access to Broadband program.**

19 ...

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

30 (e) ~~Notwithstanding the project cost responsibility allocations in subsection (d) of this~~
 31 ~~section, for a county receiving from the federal government less than an aggregate of eight~~
 32 ~~million dollars (\$8,000,000) in federal American Rescue Plan Act (P.L. 117-2) funds, a~~
 33 ~~broadband service provider selected for a project shall provide not less than fifteen percent (15%)~~
 34 ~~of the total estimated project cost. If a broadband service provider provides more than fifteen~~
 35 ~~percent (15%) of the total estimated project cost, the State and county cost responsibilities shall~~
 36 ~~be equally apportioned. The following cost responsibility allocations for counties meeting the~~
 37 ~~requirements of this subsection and the State apply:~~

38 Direct Federal Funds Received	County Responsibility	State Responsibility
39 \$250,000, up to \$4,000,000	5%, minimum	Up to 80%
40 \$4,000,000, up to \$8,000,000	10%, minimum	Up to 75%

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

1 **SECTION 38.4.(c)** Subsection (b) of this section becomes effective July 1, 2024,
2 and applies to grant funding requests submitted on or after that date. The remainder of this section
3 becomes effective July 1, 2024.
4

5 **CONSTITUENT ENGAGEMENT ENHANCEMENT/DEPARTMENT OF SECRETARY**
6 **OF STATE**

7 **SECTION 38.5.** With the funds appropriated in this act to the Department of
8 Information Technology for constituent engagement enhancement, the Department shall submit
9 a request for proposals for constituent engagement software to be implemented with the
10 Department of Secretary of State. The constituent engagement software shall be designed to
11 ensure that critical agency online services are optimized and automated and be used to increase
12 efficiency by automating and improving agency constituent processes.
13

14 **ENTERPRISE-WIDE CYBERSECURITY PLAN**

15 **SECTION 38.6.(a)** Findings. – The General Assembly finds that it is in the best
16 interests of the State for the Department of Information Technology (DIT) to lead the State's
17 cybersecurity efforts comprehensively rather than having State agencies handle cybersecurity
18 individually in a fragmentary way.

19 **SECTION 38.6.(b)** State Cybersecurity Plan. – During the 2024-2025 fiscal year:

- 20 (1) The DIT shall begin planning for implementation of an enterprise-wide
21 cybersecurity program for State government to protect the State's digital assets
22 and mitigate risks and damage, across State agencies, from cyberattacks such
23 as data breaches, ransomware attacks, social engineering, and software
24 vulnerabilities. The DIT may issue requests for information and proposals.
- 25 (2) The initial planning phase may consist of risk assessment, investment
26 calculation, protection recommendations, and cost-efficiency analysis, or
27 other considerations, as appropriate, across State agencies, relative to the
28 following cybersecurity policies:
- 29 a. Access control.
 - 30 b. Cloud.
 - 31 c. Data protection.
 - 32 d. Data retention.
 - 33 e. Email.
 - 34 f. Information.
 - 35 g. Network.
 - 36 h. Physical.
 - 37 i. Privacy.
 - 38 j. Website.

39 **SECTION 38.6.(c)** Report. – By March 1, 2025, the DIT shall report to the Joint
40 Legislative Oversight Committee on Information Technology and the Fiscal Research Division
41 on (i) its assessment of the efficacy of various technologies, tactics, and processes used by State
42 agencies to protect State digital assets against unauthorized use, abuse, or infiltration by threat
43 actors, (ii) its requirements for running enterprise-wide cybersecurity and how program costs can
44 be built into the rate structure, and (iii) any requests for information or proposals issued for
45 implementation of the State's enterprise-wide cybersecurity plan.
46

47 **DMV DATA ASSESSMENT**

48 **SECTION 38.7.** With the funds appropriated in this act for DMV Data Assessment,
49 the Friday Institute for Educational Innovation at North Carolina State University (Friday
50 Institute), in collaboration with the Department of Information Technology, shall study the
51 feasibility of modernizing the customer service experience at Division of Motor Vehicles (DMV)

locations by expanding the availability and use of customer self-service kiosks at DMV locations.

The study shall consider the following:

- (1) Hardware and software needs, including printers, scanning technology, and broadband access.
- (2) Potential impact on staffing, including staff time, staff duties and responsibilities, and staffing needs.
- (3) Potential cost-savings.
- (4) Potential reductions in wait times for DMV customers.
- (5) Assessment of available technology and an analysis of procurement options and partnerships with third-party vendors.
- (6) Assessment of best practices from other states that have implemented similar systems.
- (7) Recommendations on funding needs and potential legislation from the General Assembly.

The Friday Institute shall submit a report containing the findings of the study described in this section on or before March 1, 2025, to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division.

DIGITAL IDENTITY VERIFICATION STUDY

SECTION 38.8. The Department of Information Technology shall study the benefits of utilizing a common platform for digital identity verification to securely access State services and sensitive information in a way that improves the citizen experience and reduces the risk of fraud. In doing so, the Department shall consider utilizing a credential service provider that minimizes the frequency of identity verification events while enabling use of a portable and reusable credential across State government agencies. The Department shall report its findings to the Joint Oversight Committee on Information Technology and the Fiscal Research Division by February 1, 2025.

RURAL CENTER BROADBAND MAP ASSISTANCE

SECTION 38.9. Notwithstanding G.S. 143B-1373, from the funds received by the Department of Information Technology for the Growing Rural Economies with Access to Technology grant program, the Department of Information Technology shall, no later than August 1, 2024, provide the sum of one million dollars (\$1,000,000) in the form of a grant to the NC Rural Center (Rural Center) to support the Rural Center as it continues its efforts to assist development tier one and tier two areas, in advance of the upcoming challenge process for the federal Broadband Equity, Access, and Deployment (B.E.A.D.) grant program, with the following:

- (1) Surveying and identifying unserved, underserved, and underrepresented communities and other areas not accurately reflected on current broadband maps.
- (2) Assisting the Department of Information Technology in mapping assets to catalogue broadband adoption, affordability, equity, access, and deployment activities.
- (3) Assisting the Department of Information Technology in meeting federal local coordination requirements.
- (4) Assisting local governments in the preparation and submission of challenges to the broadband maps as a part of the upcoming challenge process for the federal B.E.A.D. grant program.

BEAD GRANT PROGRAM

- 1 **SECTION 38.10.(a)** Definitions. – As used in this section, the following definitions
2 apply:
- 3 (1) BEAD. – Broadband Equity, Access, and Deployment.
- 4 (1a) Broadband service. – For the purposes of this section, a terrestrially deployed
5 mass-market retail service by wire or radio that provides the capability to
6 transmit data to and receive data from all or substantially all internet
7 endpoints, including any capabilities that are incidental to and enable the
8 operation of the communications service, but excluding dial-up internet access
9 service.
- 10 (2) Broadband serviceable location (BSL). – A location where broadband service
11 is or could be installed, as identified by the Federal Communications
12 Commission for purposes of its Broadband DATA Maps.
- 13 (3) Community anchor institution (CAI). – A school, library, health clinic, health
14 center, hospital or other medical provider, public safety entity, institution of
15 higher education, public housing organization, or community support
16 organization that facilitates greater use of broadband service by vulnerable
17 populations, including, but not limited to, low-income individuals,
18 unemployed individuals, and aged individuals.
- 19 (4) Department. – The Department of Information Technology.
- 20 (5) Eligible location. – An unserved or underserved BSL not located in a protected
21 area or a CAI where qualifying broadband service is not available.
- 22 (6) Eligible project. – A discrete and specific project intended to construct and
23 deploy qualifying broadband service to an eligible location or to a
24 combination of eligible locations. A "project" may constitute a single
25 unserved or underserved BSL, or a grouping of BSLs in which not less than
26 eighty percent (80%) of BSLs served by the project are unserved or
27 underserved locations, provided that the Office may not award funding under
28 this section to construct and deploy infrastructure for the provision of
29 qualifying broadband service to any served BSL.
- 30 (7) Extremely high cost per location threshold. – A BEAD subsidy cost per
31 location above which the Office may decline to select a proposal if use of an
32 alternative technology meeting the BEAD program's technical requirements
33 is necessitated by the fact that selection of an eligible project proposing to
34 provision service via end-to-end fiber-optic facilities to each end-user
35 premises would be cost prohibitive. The Office will develop a methodology
36 for calculating this threshold in a manner that maximizes use of the best
37 available technology while ensuring that the program can, at a minimum, meet
38 the prioritization requirements. The Office will post the methodology for
39 public comment before implementation. The Office shall not, unless it is
40 determined that it does not have sufficient funding to select each
41 highest-scoring application in the initial round described in this section, utilize
42 the extremely high cost per location threshold in the initial round.
- 43 (7a) FCC. – The Federal Communications Commission.
- 44 (8) High-cost outlier. – Any unserved or underserved location that an applicant
45 identifies as a risk to disproportionately affect the cost of an applicant's project
46 budget.
- 47 (9) IIJA. – Infrastructure Investment and Jobs Act (P.L. 117-58).
- 48 (9a) Infrastructure. – Facilities, equipment, materials, and structures that an entity
49 installs either for its core business or public enterprise purposes. Examples
50 include, but are not limited to, copper wire, coaxial cable, optical cable, loose
51 tube cable, communication huts, conduits, vaults, patch panels, mounting

- hardware, poles, generators, battery and cabinet, network nodes, network routers, network switches, microwave relay, microwave receivers, site routers, outdoor cabinets, towers, easements, rights-of-way, and buildings or structures owned by the entity that are made available for location or collocation purposes.
- (10) Infrastructure costs. – Costs related to the construction of broadband infrastructure for the extension of broadband service for an eligible project, including installation, acquiring or updating easements, backhaul infrastructure, and testing costs. The term also includes engineering and any other costs associated with securing a lease to locate or collocate infrastructure on public or private property or structures, but not including the actual monthly lease payment. The term does not include overhead or administrative costs.
- (11) Low-cost broadband service option. – A broadband service offered to low-income households that meets the eligibility requirements for the federal Affordable Connectivity Program, or similar replacement program, in the project area for at least the length of time defined by federal requirements. A low-cost broadband service option must be made available and include the following elements:
- a. Provide typical download speeds of at least 100 Mbps and typical upload speeds of at least 20 Mbps.
 - b. Provide typical latency measurements of no more than 100 milliseconds.
 - c. Not be subject to nongovernmental imposed surcharges and be subject only to the same acceptable use policies to which subscribers to all other broadband internet access service plans offered to home subscribers by the participating subgrantee must adhere.
 - d. Shall be offered at a price that does not exceed the highest price listed in the FCC's 2024 Urban Rate Survey data for Fixed Broadband Service for a service offering in North Carolina that provides a download speed of 100 Mbps, upload speed of 20 Mbps, and an unlimited capacity allowance. The price may be adjusted by the subgrantee based on the Consumer Price Index, as defined by the United States Bureau of Labor Statistics, beginning with an adjustment in the first new calendar year after the date of enactment of this section.
 - e. In the event the provider later increases the speeds of one of its low-cost plans, it will permit eligible subscribers that are subscribed to that plan to upgrade to those new speeds at no more than a commensurate change in cost.
- (12) Multi-dwelling units (MDUs). – Multiple separate residential units within a single or several buildings.
- (13) NTIA. – The National Telecommunications and Information Administration of the United States Department of Commerce.
- (14) Office. – The Broadband Infrastructure Office in the Department of Information Technology.
- (15) Protected areas. – BSLs subject to an enforceable commitment as defined in the NTIA Notice of Funding Opportunity or where a broadband service provider has been designated to receive funds through other State- or federally funded programs designed specifically for the deployment of qualifying broadband service if such funding is intended to result in construction of broadband to the location within 18 months or for the duration of the federal

funding program, or if the broadband service provider is otherwise in good standing with the funding agency's regulations governing the funding program. Any CAI where a private provider submits documentation satisfactory to the Department that such provider currently offers broadband service that will be scalable to a qualifying broadband service after the conclusion of the challenge process shall be also considered protected. Upon submission of documentation satisfactory to the Office, a protected area shall remain protected until project completion.

(16) Qualifying broadband service. – A reliable broadband service meeting the following criteria:

a. To a location that is not a CAI with a speed of not less than 100 Mbps for downloads and not less than 20 Mbps for uploads.

b. To a CAI with a speed of not less than 1 Gbps for downloads and uploads.

(17) Reliable broadband service. – Terrestrial-based broadband service (i) with ninety-five percent (95%) of latency measurements during testing windows falling at or below 100 milliseconds round-trip time and (ii) which is designed to ensure that network outages should not exceed, on average, 48 hours over any 365-day period except in the case of natural disasters or other force majeure occurrences. Locations served exclusively by satellite, terrestrial fixed wireless services utilizing entirely licensed spectrum, using a hybrid of licensed and unlicensed spectrum, or a technology not specified by the FCC for purposes of its Broadband DATA Maps, do not meet the definition of "reliable broadband service" and will be considered "unserved" for the purposes of determining eligible locations.

(18) Secretary. – The Secretary of Information Technology.

(19) Subgrantee. – An eligible recipient who receives BEAD funds for an eligible project.

(20) Underserved. – A BSL that has access to reliable broadband service equal to or greater than 25 Mbps download and 3 Mbps upload but less than 100 Mbps download and 20 Mbps upload. Unless otherwise determined by the Department based on competent findings of fact, locations that the FCC's Broadband DATA Maps show to have available qualifying broadband service delivered via (i) DSL or (ii) terrestrial fixed wireless services utilizing entirely licensed spectrum, or using a hybrid of licensed and unlicensed spectrum, shall be considered "underserved" for the purpose of determining eligible locations.

(21) Unserved. – A BSL that does not have access to reliable broadband service with transmission speeds of at least 25 Mbps download and at least 3 Mbps upload.

SECTION 38.10.(b) Consistency With Federal Law. – Except as defined in this section, terms in this section shall have the meaning prescribed to them in the IIJA and in the Notice of Funding Opportunity for the BEAD Program (BEAD NOFO) published by NTIA on May 13, 2022, including any subsequent guidance issued by NTIA with respect to the program after the issuance of the BEAD NOFO. In the event of any actual conflict between this section and legal requirements contained in the IIJA, the provisions of the IIJA shall take precedence. Should any instances of actual conflict arise, the Department shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division any actions taken to conform with federal law.

SECTION 38.10.(c) Consistency With State Policy. – Consistent with the policy of the State, the Office shall not prescribe the rates of service which applicants may deliver, nor

1 shall the Office indirectly regulate the rates of service which applicants may deliver by affording
2 any preference or differentiated scoring weight based on the specific rate of service which an
3 applicant may deliver. The Office shall not make mandatory any optional conditions contained
4 in Section IV.C.1.e. of the BEAD NOFO.

5 **SECTION 38.10.(d) GREAT 3.0 Fund.** – The Growing Rural Economies with
6 Access to Technology for Broadband Equity, Access, and Deployment Fund (GREAT 3.0 Fund)
7 is established as a special revenue fund in the Department of Information Technology. Except as
8 otherwise provided in this section, federal funds received by the State under the IJA for the
9 BEAD Program are hereby appropriated to the GREAT 3.0 Fund for the purposes described in
10 this section. The Secretary may award subgrants from the GREAT 3.0 Fund to eligible recipients
11 for eligible projects. The State shall not be obligated for funds committed for project costs from
12 the GREAT 3.0 Fund in excess of those sums appropriated by the General Assembly to the
13 GREAT 3.0 Fund. The funds shall be used by the eligible recipient to pay for infrastructure costs
14 associated with an eligible project. State and federal funds appropriated to this Fund shall be
15 considered an information technology project within the meaning of G.S. 143C-1-2. The grants
16 shall be considered fixed amount subawards for purposes of the federal requirements within the
17 meaning of the Policy Notice on Tailoring the Application of the Uniform Guidance to the BEAD
18 Program issued by the NTIA. The Office shall further make available to awardees all options
19 available under the BEAD Letter of Credit Waiver issued by NTIA.

20 **SECTION 38.10.(e) Priority.** – The Office shall prioritize projects proposed to
21 address the following in order:

- 22 (1) Unserved BSLs.
- 23 (2) Underserved BSLs.
- 24 (3) Community anchor institutions.

25 **SECTION 38.10.(f) Project Proposals; Use of Funds.** – The Office may seek
26 proposals to serve unserved BSLs, underserved BSLs, and community anchor institutions
27 collectively or separately, provided that it prioritizes awarding projects that address, at minimum,
28 all unserved BSLs. Once the Office reports that projects will address all unserved BSLs, it shall
29 prioritize projects that address, at minimum, all underserved BSLs. If the Department has entered
30 into subgrant agreements for deployment of service to all unserved and underserved locations in
31 the State, it may use any remaining funds in the GREAT 3.0 Fund for digital literacy and
32 awareness or other purposes consistent with nondeployment activities described in the BEAD
33 NOFO.

34 **SECTION 38.10.(g) Challenge Process.** – The Office shall develop and implement
35 a formal challenge process that conforms with the published regulations and guidelines of the
36 BEAD program, including the requirement that challenges based upon speed tests must be
37 conducted and submitted in conformance with the specifications of the NTIA's speed test
38 guidance and may not be submitted by an individual subscriber. In developing the challenge
39 process, the Office shall solicit input from stakeholders and consider the adaptability of the
40 challenge process to fit existing State broadband grant programs and all applicable federal
41 requirements. The challenge process shall be open to submissions from internet providers, county
42 and municipal government entities, and community anchor institutions and shall establish
43 procedures that allow a period of at least 30 calendar days of the opening of the challenge window
44 to submit challenges, and a period of at least 30 calendar days from notification of any challenge
45 to the classification of a location determined to be valid by the Office during the challenge phase
46 for the submission of rebuttal evidence. Prior to selecting subgrantees, the Office shall publish a
47 statewide map indicating eligible locations that may be included in an eligible project.

48 **SECTION 38.10.(h) Prequalification.** – The Office shall develop a prequalification
49 process to identify potential subgrantees with the financial, managerial, operational, and
50 technical capacity to complete an eligible project. The Office shall prequalify broadband service
51 providers based on the minimum eligibility criteria in the GREAT 3.0 program. Information

submitted by a broadband service provider as part of the prequalification process may be considered during the subgrantee selection process. Information contained in an application that is identified as proprietary by an applicant for a subgrant pursuant to the prequalification process shall not be considered a public record.

SECTION 38.10.(i) Applications. – The Office shall develop a subgrantee selection process that shall be administered in multiple rounds. Applications for subgrants will be submitted at times designated by the Office and will include, at a minimum, the following information:

- (1) The identity of the applicant and its qualifications and experience with broadband deployment and administration of federal subgrants.
- (2) The total cost and duration of the proposed project.
- (3) The amount to be funded by the applicant. The applicant shall fund a minimum of twenty-five percent (25%) of the cost of the project unless the project is in an NTIA-defined high-cost area or a waiver is granted pursuant to the BEAD Program guidelines as set forth by NTIA.
- (4) A list of the eligible locations that will have access to qualifying broadband service as a result of the project.
- (5) The proposed construction time line, not to exceed four years, unless the Department extends the four-year deadline if (i) the subgrantee has a specific plan for use of the grant funds, with project completion expected by a specific date not more than one year after the four-year deadline, (ii) the construction project is underway, or (iii) extenuating circumstances require an extension of time to allow the project to be completed.
- (6) A description of the services to be provided, including the proposed upload and download broadband speeds to be delivered.
- (7) A description of proposed cost tiers available to customers upon completion of the proposed project.
- (8) A description of the applicant's proposed low-cost broadband service option applicable to eligible subscribers in BEAD-funded areas. The Office may not impose additional requirements on qualifying low-cost service options as a condition of grant eligibility.
- (9) Technology type of the proposed service.
- (10) Any other information or supplementary documentation requested by the Office. The Office shall ensure that subgrant applications contain sufficient information to allow the Office to reasonably evaluate subgrantees' ability to comply with all program requirements, including all subgrantee qualifications and conditions required under federal law.

SECTION 38.10.(j) Competitive Subgrantee Selection Process. – The Office shall implement a competitive subgrantee selection process that conforms with published regulations and guidelines under the BEAD Program under the IIJA. Applications receiving the highest score shall receive priority status for the awarding of subgrants pursuant to this section. As a means of breaking a tie for applications receiving the same score, the Office shall give priority to the application proposing to serve the highest number of new unserved and underserved locations. Applications shall be scored on an objective 100-point scale that is published prior to the submission of applications for subgrants. The Office shall determine whether or not a subgrantee has the capacity to perform multiple projects and shall not be required to award multiple projects to a prequalified subgrantee that has failed to demonstrate its ability to perform.

SECTION 38.10.(k) Subgrant Award Agreements. – Applicants awarded subgrants pursuant to this section shall enter into an agreement with the Office. Selections are contingent until an agreement is executed. The agreement shall contain all of the elements outlined in subsection (i) of this section and any other provisions the Office may require; provided, however,

the Department may not impose requirements or contract conditions requiring that broadband service be offered at a specific price or that otherwise constitutes rate regulation. The agreement shall contain a provision governing the time line, milestones, and minimum requirements and thresholds for disbursement of grant funds measured by the progress of the project or disbursed on any other basis that may be necessary to effectuate every option made available in the BEAD Letter of Credit Waiver issued by NTIA on November 1, 2023. If applicable, the agreement shall identify the amount of matching funds the subgrantee must contribute to the project. The Office shall monitor the project to ensure (i) that the subgrantee is making adequate progress towards project completion by the required deadline, (ii) compliance with all relevant and applicable federal, State, and local laws, rules, and regulations, and (iii) compliance with all NTIA guidelines for the BEAD Program and any guidelines developed by the Office.

SECTION 38.10.(l) Letter of Credit. – The Office shall require a letter of credit or an alternative form of satisfactory performance security, such as a performance bond, from the subgrantee to secure the subgrantee's performance of its obligations under the grant contract consistent with the federal requirements. The Office shall give full effect to the NTIA BEAD Letter of Credit Waiver as a means of enabling a subgrantee to satisfy the requirements of this subsection. Subject to further waiver from NTIA to the extent the same may be required, the Office shall permit an alternative means of satisfying the requirement of this subsection for a subgrantee that demonstrates that it has more than one hundred million dollars (\$100,000,000) in telecommunications or electric plant in production in the State.

SECTION 38.10.(m) Annual Report. – The Department of Information Technology shall submit an annual report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division upon completion of each funding round. The report shall contain at least all of the following:

- (1) The number of subgrant projects applied for and the number of grant agreements entered into.
- (2) A time line for each subgrant agreement and the number of households and businesses expected to benefit from each agreement.
- (3) The amount of matching funds required for each agreement and the total amount of investment.
- (4) A summary of areas receiving subgrants that are now being provided broadband service and the advertised broadband speeds for those areas.
- (5) Any breaches of agreements, grant fund forfeitures, or subsequent reductions or refunds of matching funds.
- (6) Any recommendations for the GREAT 3.0 program, including better sources and methods for improving outcomes and accountability.

SECTION 38.10.(n) Progress Report. – Upon completion of two rounds of subgrantee selection, the Department shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division the following:

- (1) The number of remaining unserved and underserved locations in the State.
- (2) The amount of remaining funding for the GREAT 3.0 program.
- (3) The estimated amount of subgrant funding needed to award projects serving all remaining unserved and underserved locations in the State.
- (4) The amount of funding available for nondeployment activities.

SECTION 38.10.(o) Retention of Funds. – In administering the IJA for the BEAD Program, the Department may utilize up to two percent (2%) of allocated BEAD grant funds for planning and administrative purposes.

PART XXXIX. SALARIES AND BENEFITS

ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED LEGISLATIVE SALARY INCREASE/FOUR PERCENT (4%), EFFECTIVE JULY 1, 2024

SECTION 39.1. Effective July 1, 2024, Section 39.1(a1) 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%)~~ four percent (4%) of annual salary in the 2024-2025 fiscal year.
- (2) Any salary adjustment otherwise allowed or provided by law."

GOVERNOR AND COUNCIL OF STATE

SECTION 39.2.(a) Effective July 1, 2024, G.S. 147-11(a) reads as rewritten:

"(a) The salary of the Governor shall be ~~two hundred three thousand seventy-three dollars (\$203,073)~~ two hundred five thousand fifty-four dollars (\$205,054) annually, payable monthly."

SECTION 39.2.(b) 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:

Council of State	Annual Salary
Lieutenant Governor	~~\$168,384~~ <u>\$169,958</u>
Attorney General	~~168,384~~ <u>169,958</u>
Secretary of State	~~168,384~~ <u>169,958</u>
State Treasurer	~~168,384~~ <u>169,958</u>
State Auditor	~~168,384~~ <u>169,958</u>
Superintendent of Public Instruction	~~168,384~~ <u>169,958</u>
Agriculture Commissioner	~~168,384~~ <u>169,958</u>
Insurance Commissioner	~~168,384~~ <u>169,958</u>
Labor Commissioner	~~168,384~~ <u>169,958</u> "

CERTAIN EXECUTIVE BRANCH OFFICIALS

SECTION 39.3. Section 39.5(b) of S.L. 2024-134 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:

Executive Branch Officials	Annual Salary
Chairman, Alcoholic Beverage Control Commission	~~\$140,844~~ <u>\$142,212</u>
State Controller	~~196,119~~ <u>198,023</u>
Commissioner of Banks	~~158,076~~ <u>159,611</u>
Chair, Board of Review, Division of Employment Security	~~155,055~~ <u>156,561</u>
Members, Board of Review, Division of Employment Security	~~153,160~~ <u>154,647</u>
Chairman, Parole Commission	~~155,055~~ <u>156,561</u>
Full-time Members of the Parole Commission	~~143,364~~ <u>144,756</u>
Chairman, Utilities Commission	~~175,765~~ <u>177,472</u>
Members of the Utilities Commission	~~158,076~~ <u>159,611</u>
Executive Director, North Carolina Agricultural Finance Authority	~~137,161~~ <u>138,493</u>
State Fire Marshal	~~139,050~~ <u>140,400"</u>

JUDICIAL BRANCH

SECTION 39.4.(a) Effective July 1, 2024, Section 39.6(a1) of S.L. 2023-134, as amended by Section 8.3(b) of S.L. 2024-1, 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:

Judicial Branch Officials	Annual Salary
Chief Justice, Supreme Court	~~\$203,073~~ <u>\$205,054</u>
Associate Justice, Supreme Court	~~197,802~~ <u>199,732</u>
Chief Judge, Court of Appeals	~~194,674~~ <u>196,573</u>
Judge, Court of Appeals	~~189,621~~ <u>191,471</u>
Judge, Senior Regular Resident Superior Court	~~174,250~~ <u>175,950</u>
Judge, Superior Court	~~169,125~~ <u>170,775</u>
Chief Judge, District Court	~~167,548~~ <u>169,183</u>
Judge, District Court	~~162,620~~ <u>164,207</u>
~~Chief Administrative Law Judge~~	~~144,736~~
District Attorney	~~167,337~~ <u>168,944</u>
Assistant Administrative Officer of the Courts	~~151,815~~ <u>152,552</u>
Public Defender	~~167,337~~ <u>168,944</u>
Director of Indigent Defense Services	~~168,565~~ <u>170,210</u>

SECTION 39.4.(a1) Effective July 1, 2024, G.S. 7A-751(a) reads as rewritten:

"(a) The head of the Office of Administrative Hearings is the Chief Administrative Law Judge, who shall serve as Director of the Office. The Chief Administrative Law Judge has the powers and duties conferred on that position by this Chapter and the Constitution and laws of this State and may adopt rules to implement the conferred powers and duties.

The salary of the Chief Administrative Law Judge shall be ~~set in the Current Operations Appropriations Act, the same as that fixed from time to time for district court judges.~~ The salary of a Senior Administrative Law Judge shall be ninety-five percent (95%) of the salary of the Chief Administrative Law Judge.

In lieu of merit and other increment raises, the Chief Administrative Law Judge and any Senior Administrative Law Judge shall receive longevity pay on the same basis as is provided to employees of the State who are subject to the North Carolina Human Resources Act."

SECTION 39.4.(b) Effective July 1, 2024, 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 the approval of the Commission on Indigent Defense Services, shall set the salaries of assistant district attorneys and assistant public defenders in that district such that the average salary of those assistants in that district, for the 2024-2025 fiscal year, does not exceed ~~one hundred one thousand two hundred ninety-nine dollars (\$101,299)~~ one hundred two thousand two hundred seventy-three dollars (\$102,273) and the minimum salary of any assistant is at least ~~fifty-four thousand three hundred sixty-nine dollars (\$54,369)~~ fifty-four thousand eight hundred ninety-two dollars (54,892), effective July 1, 2024."

CLERKS OF SUPERIOR COURT

SECTION 39.5. 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:

Assistants and Deputies	Annual Salary
0-19	~~\$111,726~~ <u>\$112,811</u>

1	20-29	~~123,488~~ <u>124,687</u>
2	30-49	~~135,248~~ <u>136,561</u>
3	50-99	~~147,010~~ <u>148,437</u>
4	100 and above	~~149,949~~ <u>151,405</u>

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

ASSISTANT AND DEPUTY CLERKS OF COURT

SECTION 39.6. 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>\$40,875</u>
Maximum	~~74,792~~ <u>75,519</u>
Deputy Clerks	Annual Salary
Minimum	~~\$36,315~~ <u>\$36,667</u>
Maximum	~~58,740~~ <u>59,310</u> "

MAGISTRATES

SECTION 39.7. Effective July 1, 2024, G.S. 7A-171.1(a)(1) reads as rewritten:

"(1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6:

Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary
Entry Rate	~~\$47,228~~ <u>\$47,686</u>
Step 1	~~\$50,714~~ <u>\$51,206</u>
Step 2	~~\$54,475~~ <u>\$55,004</u>
Step 3	~~\$58,457~~ <u>\$59,024</u>
Step 4	~~\$63,228~~ <u>\$63,841</u>
Step 5	~~\$68,973~~ <u>\$69,643</u>
Step 6	~~\$75,415~~ <u>\$76,147</u> ."

LEGISLATIVE EMPLOYEES

SECTION 39.8. Effective July 1, 2024, 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, 2024, shall be legislatively increased by ~~three percent (3%)~~four percent (4%)."

GENERAL ASSEMBLY PRINCIPAL CLERKS

SECTION 39.9. 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-five thousand two hundred thirty-six dollars (\$135,236), 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 39.10. 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 thirty-four dollars (\$534.00) 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 39.11.(a) Effective July 1, 2024, Section 39.13(a) 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%)~~ four percent (4%)."

SECTION 39.11.(b) Effective July 1, 2024, Section 39.13(b1) of S.L. 2023-134 reads as rewritten:

"**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>\$43,539</u>
Associate Degree or Equivalent	~~43,720~~ <u>44,145</u>
Bachelor's Degree	~~46,321~~ <u>46,771</u>
Master's Degree or Education Specialist	~~48,629~~ <u>49,102</u>
Doctoral Degree	~~51,956~~ <u>52,461</u> "

THE UNIVERSITY OF NORTH CAROLINA

SECTION 39.12. Effective July 1, 2024, 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%)~~ four percent (4%)."

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

SECTION 39.13. Effective July 1, 2024, Section 39.15(b) of S.L. 2023-134, as amended by Section 8.2 of S.L. 2024-1, reads as rewritten:

"**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;~~ 2024-2025 fiscal year, effective July 1, 2024:

FY 2024-25

Experience

	COI	COII	COIII
0	~~\$37,621~~ <u>\$40,908</u>	~~\$38,859~~ <u>\$42,254</u>	~~\$41,558~~ <u>\$45,910</u>
1	~~\$40,253~~ <u>\$43,771</u>	~~\$41,578~~ <u>\$45,211</u>	~~\$44,468~~ <u>\$48,354</u>
2	~~\$42,670~~ <u>\$46,398</u>	~~\$44,117~~ <u>\$47,972</u>	~~\$47,137~~ <u>\$51,256</u>
3	~~\$44,803~~ <u>\$48,718</u>	~~\$46,277~~ <u>\$50,320</u>	~~\$49,494~~ <u>\$53,818</u>
4	~~\$46,594~~ <u>\$50,665</u>	~~\$48,128~~ <u>\$52,333</u>	~~\$51,473~~ <u>\$55,971</u>
5	~~\$47,993~~ <u>\$52,186</u>	~~\$49,571~~ <u>\$53,902</u>	~~\$53,017~~ <u>\$57,650</u>
6+	~~\$48,953~~ <u>\$53,230</u>	~~\$50,563~~ <u>\$54,981</u>	~~\$54,078~~ <u>\$58,803</u> "

STATE LAW ENFORCEMENT OFFICER SALARY SCHEDULE/INCREASES

SECTION 39.14.(a) Effective July 1, 2024, 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	~~53,477~~ <u>54,012</u>
1	56,954	~~56,954~~ <u>57,524</u>
2	60,656	~~60,656~~ <u>61,263</u>
3	64,599	~~64,599~~ <u>65,245</u>
4	68,798	~~68,798~~ <u>69,486</u>
5	73,270	~~73,270~~ <u>74,003</u>
6+	78,033	~~78,033~~ <u>78,813</u> "

SECTION 39.14.(b) Effective July 1, 2024, the annual salaries of employees of the State Bureau of Investigation compensated under Section 39.16(c) of S.L. 2023-134 shall be legislatively increased by one percent (1%).

SECTION 39.14.(c) Effective July 1, 2024, the annual salaries of employees of Alcohol Law Enforcement compensated under Section 39.16(d) of S.L. 2023-134 shall be legislatively increased by one percent (1%).

STATE HIGHWAY PATROL/SALARY SCHEDULE/INCREASE

SECTION 39.15.(a) Effective July 1, 2024, 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	~~55,000~~ 55,550
1	58,575	~~58,575~~ 59,161
2	62,382	~~62,382~~ 63,006
3	66,437	~~66,437~~ 67,101
4	70,755	~~70,755~~ 71,463
5	75,354	~~75,354~~ 76,108
6+	80,252	~~80,252~~ 81,055"

SECTION 39.15.(b) Effective July 1, 2024, the annual salaries of employees of the State Highway Patrol compensated under Section 39.17(c) of S.L. 2023-134 shall be legislatively increased by one percent (1%).

SECTION 39.15.(c) Effective July 1, 2024, the annual salaries of employees of State Highway Patrol compensated under Section 39.17(d) of S.L. 2023-134 shall be legislatively increased by one percent (1%).

PROBATION AND PAROLE OFFICERS/JUVENILE COURT COUNSELORS – SALARY SCHEDULE

SECTION 39.16. Effective July 1, 2024, 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	~~45,422~~ 49,391
1	46,965	~~48,374~~ 52,601
2	50,019	~~51,520~~ 56,021
3	53,270	~~54,868~~ 59,662
4	56,733	~~58,435~~ 63,541
5	60,420	~~62,233~~ 67,670
6+	64,348	~~66,278~~ 72,070"

STATE AGENCY TEACHERS

SECTION 39.17. For the 2023-2025 fiscal biennium, 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 on the Teacher Salary Schedule shall be paid as authorized under this act.

UPDATED SALARY-RELATED CONTRIBUTIONS

SECTION 39.18. 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	State	ORPs	CJRS	LRS
----------	-------	------	------	-----

	and State	LEOs			
	Employees				
Retirement	~~16.79%~~ 17.41% ~~16.79%~~ 17.41%	6.84%	~~37.00%~~ 37.24%		
	~~22.00%~~ 20.54%				
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%~~ 24.66% ~~29.04%~~ 29.66%	13.96%	~~43.99%~~ 44.23%		
	~~28.99%~~ 27.53%				

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."

ONE-TIME SUPPLEMENT FOR RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM

SECTION 39.19.(a) G.S. 135-5 is amended by adding a new subsection to read:

"(aaaa) On or before October 31, 2024, a one-time cost-of-living supplement payment shall be made to, or on account of, beneficiaries who are living as of September 1, 2024, and whose retirement commenced on or before September 1, 2024. The payment shall be two percent (2%) of the beneficiary's annual retirement allowance payable as of September 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 have a vested right to any future supplemental payments under this Article."

SECTION 39.19.(b) G.S. 135-65 is amended by adding a new subsection to read:

"(ll) On or before October 31, 2024, a one-time cost-of-living supplement payment shall be made to, or on account of, beneficiaries who are living as of September 1, 2024, and whose retirement commenced on or before September 1, 2024. The payment shall be two percent (2%) of the beneficiary's annual retirement allowance payable as of September 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 have a vested right to any future supplemental payments under this Article."

SECTION 39.19.(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 October 31, 2024, a one-time cost-of-living supplement payment shall be made to, or on account of, beneficiaries who are living as of September 1, 2024, and whose retirement commenced on or before September 1, 2024. The payment shall be two percent (2%) of the beneficiary's annual retirement allowance payable as of September 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 have a vested right to any future supplemental payments under this Article."

BENEFITS PAYABLE UNDER NORTH CAROLINA NATIONAL GUARD PENSION FUND

SECTION 39.20. G.S. 127A-40 reads as rewritten:

"§ 127A-40. Pensions for the members of the North Carolina National Guard.

(a) Every member and former member of the North Carolina National Guard who meets the requirements of this section shall receive, commencing at age 60, a pension of one hundred ~~five-eight~~ dollars (~~\$105.00~~) (~~\$108.00~~) per month for 20 years' creditable military service with an

additional ten dollars and ~~fifty cents (\$10.50)~~ eighty cents (\$10.80) per month for each additional year of ~~such creditable military~~ service; provided, however, that the total pension shall not exceed two hundred ~~ten sixteen~~ dollars (~~\$210.00~~) (~~\$216.00~~) per month. ~~The requirements for~~

(a1) To receive a pension are that under this section, each member shall meet all of the following requirements:

- (1) ~~Have~~ The individual served and qualified for at least 20 years' creditable military service, including National Guard, reserve and active duty, under the same requirement specified for entitlement to retired pay for nonregular service under Chapter 67, Title 10, United States Code.
- (2) ~~Have at~~ At least 15 years of the aforementioned service required under subdivision (1) of this subsection was as a member of the North Carolina National Guard.
- (3) ~~Have~~ The individual received an honorable discharge from the North Carolina National Guard.

...."

ENHANCE BENEFITS UNDER NORTH CAROLINA FIREFIGHTERS' AND RESCUE SQUAD WORKERS' PENSION FUND AND MAKE TECHNICAL CHANGES TO THE RELATED STATUTES

SECTION 39.21.(a) G.S. 58-86-55 reads as rewritten:

"§ 58-86-55. Monthly pensions upon attaining the age of 55 years.

(a) The monthly pension benefit under this section is one hundred seventy-five dollars (\$175.00) and is payable per month from the Pension Fund, unless otherwise provided.

(a1) Any member who has served 20 years as an "eligible firefighter" or "eligible firefighter or eligible rescue squad worker" worker in the State of North Carolina, as provided in G.S. 58-86-25 and G.S. 58-86-30, this Article and who has attained the age of 55 years is entitled to be paid a monthly pension from this fund. The monthly pension shall be in the amount of one hundred seventy dollars (\$170.00) per month. Any retired firefighter receiving a pension shall, effective July 1, 2008, receive a pension of one hundred seventy dollars (\$170.00) per month benefit under this section.

(b) ~~Members shall pay ten dollars (\$10.00) per month as required by G.S. 58-86-35 and G.S. 58-86-40 for a period of no longer than 20 years. No "eligible rescue squad member" shall receive a pension prior to July 1, 1983.~~

(c) A member who is totally and permanently disabled while in the discharge of the member's official duties as a result of bodily injuries sustained or as a result of extreme exercise or extreme activity experienced in the course and scope of those official duties and who leaves the fire or rescue squad service because of this disability shall be entitled to be paid from the fund a monthly benefit in an amount of one hundred seventy dollars (\$170.00) per month a monthly pension benefit under this section beginning the first month after the member's fifty-fifth birthday. All applications for disability are subject to the approval of the board who Board, and the Board may appoint physicians to examine and evaluate the disabled member prior to approval of the application, and annually thereafter. Any G.S. 58-58-41 shall not apply to a disabled member shall not be required to make the monthly payment of ten dollars (\$10.00) as required by G.S. 58-86-35 and G.S. 58-86-40 member.

(d) A member who is totally and permanently disabled for any cause, cause other than line of duty, those under subsection (c) of this section, who leaves the fire or rescue squad service because of this disability-disability, and who has at least 10 years of service with the pension fund, Pension Fund may be permitted to continue making a monthly contribution of ten dollars (\$10.00) in the amount required under G.S. 58-86-41 to the fund until the member has made contributions for a total of 240 months. The Upon attaining the age of 55, that member shall upon attaining the age of 55 years be entitled to receive a pension as provided by this section. monthly

1 pension benefit under this section. All applications for disability are subject to the approval of
2 ~~the board who~~ Board, and the Board may appoint physicians to examine and evaluate the disabled
3 member prior to approval of the ~~application~~ application, and annually thereafter.

4 (d1) Benefits payable from the Pension Fund shall be paid in the following manner when
5 a member is killed in the line of duty and the requirements of Article 12A of Chapter 143 of the
6 General Statutes are met:

7 (1) If the member had been receiving a monthly pension ~~fund~~ benefit under this
8 section prior to being killed in the line of duty, then there shall be paid to the
9 member's principal beneficiary, if only one principal beneficiary is eligible
10 and has not accepted a return of contributions, ~~an amount of one hundred~~
11 ~~seventy dollars (\$170.00) per month~~ the monthly pension benefit amount
12 beginning the month following the member's month of death, payable until
13 the beneficiary's death. If the member became a member prior to July 1, 2018,
14 and had not designated a principal beneficiary prior to being killed in the line
15 of duty, there shall be paid to the member's living spouse upon the spouse's
16 application to the Board, ~~an amount of one hundred seventy dollars (\$170.00)~~
17 ~~per month~~ the monthly pension benefit amount beginning the month following
18 the member's month of death, payable until the spouse's death.

19 (2) If the member had been receiving a monthly pension ~~fund~~ benefit under this
20 section prior to being killed in the line of duty and the beneficiary is not
21 payable as described in subdivision (1) of this subsection, then a lump sum
22 payment equal to the difference between the amount paid into the member's
23 separate account by or on behalf of the member and the amount received by
24 the member as a pensioner ~~will~~ shall be paid to the eligible beneficiaries, or if
25 there are no eligible beneficiaries, shall be paid to the member's estate.

26 (3) If the member had not yet begun receiving a monthly pension benefit under
27 this section prior to being killed in the line of duty, then there shall be paid to
28 the member's principal beneficiary, if only one principal beneficiary is eligible
29 and has not accepted a return of contributions, ~~an amount of one hundred~~
30 ~~seventy dollars (\$170.00) per month~~ the monthly pension benefit amount
31 beginning the month following the month the member would have attained
32 age 55, or if the member had already attained age 55, beginning the month
33 following the member's month of death, payable until the beneficiary's death.
34 If the member became a member prior to July 1, 2018, and had not designated
35 a principal beneficiary prior to being killed in the line of duty, then there shall
36 be paid to the member's living spouse upon the spouse's application to the
37 Board, ~~an amount of one hundred seventy dollars (\$170.00) per month~~ the
38 monthly pension benefit amount beginning the month following the month the
39 member would have attained age 55, or if the member had attained age 55,
40 beginning the month following the member's month of death, payable until
41 the spouse's death.

42 (4) If the member had not yet begun receiving a monthly ~~benefit~~ pension under
43 this section prior to being killed in the line of duty and the beneficiary is not
44 payable as described in subdivision (3) of this subsection, then a lump sum
45 payment equal to the member's contributions will be paid to the eligible
46 beneficiaries, or if there are no eligible beneficiaries, a return of the
47 contributions shall be paid to the member's estate.

48 ~~A beneficiary under this subsection shall not be required to make the monthly payment of ten~~
49 ~~dollars (\$10.00) as required by G.S. 58-86-35 and G.S. 58-86-40~~ G.S. 58-86-41 shall not apply
50 after the member has been killed in the line of duty.

(e) ~~A member who, because the~~ If a member has at least 10 years of service with the Pension Fund and that member's (i) residence is annexed by a city under Part 2 or Part 3 of Article 4A of Chapter 160A of the General Statutes, ~~or whose (ii) department is closed because of an annexation by a city under Part 2 or Part 3 of Article 4A of Chapter 160A of the General Statutes, or whose (iii) volunteer department is taken over by a city or county, and because of such that annexation or takeover the member is unable to perform as a firefighter or rescue squad worker of any status, and if the member has at least 10 years of service with the pension fund, may then the member shall be permitted to continue making a monthly contribution of ten dollars (\$10.00) in the amount required under G.S. 58-86-41 to the fund until the member has made contributions for a total of 240 months. The Upon completion of the total 240 months of contributions, and upon a member upon attaining the age of 55 years and completion of such contributions age 55, the member shall be entitled to receive a monthly pension as provided by benefit under this section. Any application to make monthly contributions under this section shall be subject to a finding of eligibility by the Board of Trustees upon application of the member.~~

(f) The pensions-benefits provided under this Article shall be in addition to all other pensions or benefits under any other statutes of the State of North Carolina or the United States, notwithstanding any exclusionary provisions of other pensions or retirement systems provided by law."

SECTION 39.21.(b) Article 86 of Chapter 58 of the General Statutes is amended by adding a new section to read:

"§ 58-86-41. Amount due for membership; payments credited to separate member accounts.

(a) Unless otherwise provided under this Article, each member of the Pension Fund shall pay the sum of fifteen dollars (\$15.00) per month to the Pension Fund for membership in the fund for a period not to exceed 20 years.

(b) Unless otherwise provided under this Article, all payments due in any calendar year shall be made no later than March 31 subsequent to the end of the calendar year in which the payment was due.

(c) The Pension Fund shall not award fully credited service based on payments received later than March 31 subsequent to the end of the calendar year in which the month occurred unless the payment is applied as provided in G.S. 58-86-45(a1).

(d) Payments made in accordance with this section shall be credited to the separate account of the member and shall be kept by the custodian in a manner that allows the payments to be made available upon a member's withdrawal from membership or retirement."

SECTION 39.21.(c) G.S. 58-86-35 reads as rewritten:

"§ 58-86-35. Firefighters' application for membership in fund; monthly payments by members; payments credited to separate accounts of members; Pension Fund; termination of membership.

(a) ~~Those firefighters~~ Firefighters who are eligible for membership in the Pension Fund pursuant to G.S. 58-86-25 may apply to the ~~board~~ Board for membership. ~~Each firefighter upon becoming a member of the fund shall pay the director of the fund the sum of ten dollars (\$10.00) per month; each payment shall be made no later than March 31 subsequent to the end of the calendar year in which the month occurred. The Pension Fund shall not award fully credited service based on payments received later than March 31 subsequent to the end of the calendar year in which the month occurred unless the payment is applied as provided in G.S. 58-86-45(a1). The monthly payments shall be credited to the separate account of the member and shall be kept by the custodian so it is available for payment on withdrawal from membership or retirement.~~

(b) A member may elect to terminate membership in the ~~fund~~ Pension Fund at any time and request the refund of payments previously made to the fund. ~~However, a~~ A member's delinquency in making the monthly payments required by this ~~section~~ Article does not result in

the termination of membership without ~~such an election to terminate membership in the Pension Fund made by the member.~~"

SECTION 39.21.(d) G.S. 58-86-40 reads as rewritten:

"§ 58-86-40. Rescue squad worker's application for membership in funds; ~~monthly payments by members; payments credited to separate accounts of members;~~ Pension Fund; termination of membership.

(a) ~~Those rescue~~ Rescue squad workers eligible for membership in the Pension Fund pursuant to G.S. 58-86-30 may apply to the ~~board~~ Board for membership. ~~Each eligible rescue squad worker upon becoming a member shall pay the director of the fund the sum of ten dollars (\$10.00) per month; each payment shall be made no later than March 31 subsequent to the end of the calendar year in which the month occurred. The Pension Fund shall not award fully credited service based on payments received later than March 31 subsequent to the end of the calendar year in which the month occurred unless the payment is applied as provided in G.S. 58-86-45(a1). The monthly payments shall be credited to the separate account of the member and shall be kept by the custodian so it is available for payment on withdrawal from membership or retirement.~~

(b) A member may elect to terminate membership in the ~~fund~~ Pension Fund at any time and request the refund of payments previously made to the fund. ~~However, a~~ A member's delinquency in making the monthly payments required by this ~~section~~ Article does not result in the termination of membership without ~~such an election to terminate membership in the Pension Fund made by the member.~~"

SECTION 39.21.(e) G.S. 58-86-45 reads as rewritten:

"§ 58-86-45. Additional retroactive membership.

(a1) Any firefighter or rescue squad worker who is 35 years of age or older and who is a current or former member of a fire department or rescue squad chartered by the State of North Carolina may purchase credit for any periods of service to any chartered fire department or rescue squad not otherwise creditable by making a lump sum payment to the Annuity Savings Fund equal to the full liability of the service credits calculated on the basis of the assumptions used for purposes of the actuarial valuation of the system's liabilities, which payment shall take into account the retirement allowance arising on account of the additional service credit commencing at the earliest age at which the member could retire on a retirement allowance, as determined by the board of trustees upon the advice of the consulting actuary, plus an administrative fee to be set by the board of trustees. This provision for the payment of a lump sum for service "not otherwise creditable" shall apply, inter alia, to all purchases of service credits for months as to which timely payments were not previously made ~~pursuant to G.S. 58-86-35 or G.S. 58-86-40, whichever is applicable in accordance with G.S. 58-86-41.~~

(b) An eligible firefighter or rescue squad worker who is not yet 35 years old may apply to the ~~board of trustees~~ Board for membership in the ~~fund~~ Pension Fund at any time. Upon becoming a member, the worker may make a lump sum payment ~~of ten dollars (\$10.00) per month in the amount required under G.S. 58-86-41 at the time of the payment for each month~~ retroactively to the time the worker first became eligible to become a member, plus interest at an annual rate to be set by the ~~board~~ Board upon advice from actuary for each year of retroactive payments. Upon making this lump sum payment, the worker shall be given credit for all prior service in the same manner as if the worker had applied for membership upon first becoming eligible.

(c) A member of the Pension Fund who is not yet 35 years old may receive credit for the prior service upon making a lump sum payment ~~of ten dollars (\$10.00) in the amount required under G.S. 58-86-41 at the time of the payment~~ for each month since the worker first became eligible, plus interest at an annual rate to be set by the ~~board~~ Board for each year of retroactive payments. Upon making this lump sum payment, the date of membership shall be the same as if the worker had applied for membership upon first becoming eligible. This provision for the

payment of a lump sum for service "not otherwise creditable" shall apply, inter alia, to all purchases of service credits for months as to which timely payments were not previously made pursuant to G.S. 58-86-35 or G.S. 58-86-40, whichever is applicable, for any firefighter or rescue squad worker who is not yet 35 years of age or older and who is a current or former member of a fire department or rescue squad chartered by the State of North Carolina."

SECTION 39.21.(f) The Revisor of Statutes shall replace the phrase "G.S. 58-86-35 or G.S. 58-86-40" with the phrase "G.S. 58-56-41" in each instance it appears in G.S. 58-86-2.

SECTION 39.21.(g) This section applies to membership contributions due to the North Carolina Firefighters' and Rescue Squad Workers' Pension Fund (Pension Fund) on or after January 1, 2025. Any membership contribution payments made to the Pension Fund on or before March 31, 2025, for service in the 2024 calendar year shall be in the amount of ten dollars (\$10.00) per month of service.

SECTION 39.21.(h) This section applies to pension benefit amounts payable from the Pension Fund due to a member or beneficiary on or after January 1, 2025. If a member or beneficiary becomes eligible to receive a pension benefit from the Pension Fund on or before December 31, 2024, but the pension benefit amount is paid from the Pension Fund on or after January 1, 2025, then the pension amount benefit due to the member or beneficiary shall be the amount applicable to the pension benefit amount that was effective for each respective month to which the benefit applies.

SECTION 39.21.(i) This section is effective January 1, 2025.

PART XL. CAPITAL

CAPITAL IMPROVEMENT & REPAIRS AND RENOVATIONS APPROPRIATIONS

SECTION 40.1. Section 40.1 of S.L. 2023-134, as amended by Section 9.1 of S.L. 2024-1, 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
<u>NCFS–Cherokee County Office</u>	<u>DACS24-1</u>
<u>State Fair Lunch Facility Renovation</u>	<u>DACS24-2</u>
<u>Western NC Ag Center Capital Improvements</u>	<u>DACS24-3</u>

1	Department of Environmental Quality	
2	Reedy Creek Laboratory	DEQ21-1
3		
4	Department of Health and Human Services	
5	Walter B. Jones–New Medical Office Bldg.	DHHS23-1
6	Broughton Hospital–New Maintenance & Warehouse Facility	DHHS23-2
7	Cherry Hospital–New Maintenance Bldg.	DHHS23-3
8	South Piedmont Medical Examiner	DHHS23-4
9		
10	Department of Natural and Cultural Resources	
11	Fort Fisher Aquarium–Aquarium Expansion	DNCR21-5
12	NC Museum of History–Expansion	DNCR21-13
13	Zoo–New Aviary	DNCR23-1
14	NC Museum of Art at Winston-Salem/SECCA	DNCR23-2
15	Stone Mountain State Park–Parking Lot	DNCR23-4
16	North Carolina Maritime Museum at Beaufort	DNCR23-5
17	Town Creek Indian Mound State Historic Site–	
18	Visitor Center & Exhibit Improvements	DNCR23-6
19	State Historic Sites–Three New Visitor Centers	DNCR23-7
20	Thomas Day House–Site Development	DNCR23-8
21	Lake Waccamaw State Park–New Campground	DNCR23-12
22	Lumber River State Park–Wire Pasture Access Development	DNCR23-13
23	NC Maritime Museum at Southport	DNCR23-14
24	NC Transportation Museum	DNCR23-15
25	Fort Fisher Historic Site	DNCR23-16
26		
27	Department of Administration	
28	State Government Executive Headquarters	DOA22-1
29	Department of Instruction Building Renovation	DOA22-3
30	Service Campus	DOA23-1
31	State Agency Lease	DOA23-2
32	Archdale Building Demolition	DOA23-3
33	Caswell Square Demolition	DOA23-4
34	Parking Deck–Wilmington Street	DOA23-5
35	Albemarle Building Facility Improvements	DOA23-6
36		
37	Department of Commerce	
38	Wanchese Marine Industrial Park–Covered Workspace	COMM23-1
39		
40	Department of Adult Correction	
41	Stun Fencing	DAC23-1
42	DARTCenter–Exterior Envelope Repairs	DAC23-2
43	Sampson CC–Gatehouse	DAC23-3
44	Gaston CC–Modular Medical Office	DAC23-4
45	Storage Buildings	DAC23-6
46		
47	Department of Public Safety	
48	State Highway Patrol–	
49	Viper Building	DPS21-6
50	Auditorium	DPS23-3
51	Training Academy Facilities Enhancement–Phases 3-6	DPS23-4

1	Training Center Cadet Dorm & Training Bldg.	DPS23-7
2	State Bureau of Investigation–	
3	Headquarters & Building 12 Renovation	DPS21-9
4	Logistics Building–Phase 1	DPS23-11
5	Juvenile Justice–	
6	Richmond YDC	DPS21-1
7	New Youth Detention Center	DPS23-1
8	Cabarrus YDC–Perimeter Fence Modifications	DPS23-5
9	Cabarrus–New Modular Office	DPS23-6
10	Emergency Management–	
11	Badin Logistics Support Center Shed	DPS23-8
12	Badin Warehouse Expansion	DPS23-9
13	Badin Lot Acquisition	DPS23-10
14	National Guard–	
15	NCNG Matching Fund	NG23-1
16	Ballentine Building/NCNG Museum	NG23-2
17	Constable Building	NG23-3
18	Rocky Mount Complex/MILCON	NG23-4
19	Special Forces Complex	NG23-5
20	Winston Salem Storage Buildings	NG23-6
21	Louisburg Readiness Center	NG23-9
22		
23	Department of Public Instruction	
24	Center for the Advancement of Teaching	DPI21-1
25	<u>NC School for the Deaf Renovation</u>	<u>DPI24-1</u>
26		
27	Department of Insurance	
28	Office of State Fire Marshal–	
29	Land Development & Training Center	DOI21-1
30		
31	Department of Transportation	
32	North Carolina Global TransPark Authority–	
33	Aircraft Maintenance Repair & Overhaul Facility	TRAN23-1
34	DOT– New County Buildings	TRAN23-2
35		
36	General Assembly	
37	Education Campus Project	NCGA21-3
38	Education Campus Parking Deck	NCGA23-1
39	Education Campus Demolition	NCGA23-2
40		
41	The University of North Carolina	
42	Appalachian State University–	
43	Peacock Hall/Business	UNC/ASU21-1
44	Hickory Campus	UNC/ASU22-1
45	Walker Hall–Interior Renovation	UNC/ASU23-1
46	<u>Wey Hall–Renovation</u>	<u>UNC/ASU24-1</u>
47	University of North Carolina at Charlotte–	
48	Smith Hall–Comprehensive Renovation	UNC/CLT23-1
49	Colvard Hall–Comprehensive Renovation	UNC/CLT23-2
50	Esports	UNC/CLT23-3
51	Stadium Upgrades	UNC/CLT23-4

1	<u>NC Solar & Battery Energy Recycling Initiative</u>	<u>UNC/CLT24-1</u>
2	University of North Carolina at Chapel Hill–	
3	Business School	UNC/CH20-1
4	Nursing School Renovation	UNC/CH20-2
5	Gardner Hall–Comprehensive Renovation	UNC/CH23-1
6	<u>S.T.E.M. Building</u>	<u>UNC/CH24-1</u>
7	Elizabeth City State University–	
8	<u>Sky Bridge</u>	<u>UNC/ECS21-2</u>
9	Flight School	UNC/ECS21-4
10	Infrastructure Repairs–Phase 3	UNC/ECS23-1
11	Jenkins Hall/Dixon Hall–Labs/Classroom/Bldg. Renovation	UNC/ECS23-2
12	<u>Statesville Flight School</u>	<u>UNC/ECS24-1</u>
13	East Carolina University–	
14	Brody School of Medicine	UNC/ECU21-1
15	Howell Science Building North–Comprehensive Renovation	UNC/ECU23-1
16	Leo Jenkins Building/Health Sciences–Comprehensive Renovation	UNC/ECU23-2
17	Medical Examiner Office	UNC/ECU23-3
18	Regional Children's Behavioral Health Facility	UNC/ECU23-4
19	Dental School Planning	UNC/ECU23-5
20	Fayetteville State University–	
21	College of Education	UNC/FSU21-2
22	Butler Targeted Renovation	UNC/FSU23-1
23	H.L. Cook Building–Renovation & Addition	UNC/FSU23-2
24	North Carolina Agricultural & Technical State University–	
25	Marteena Hall–Renovation, Phase 2	UNC/A&T23-1
26	Health and Human Sciences Bldg.	UNC/A&T23-2
27	North Carolina Central University–	
28	Dent Building–Comprehensive Renovation	UNC/NCC23-1
29	Edmonds Classroom Building–Comprehensive Renovation	UNC/NCC23-2
30	University Theater Renovation	UNC/NCC23-3
31	North Carolina State University–	
32	S.T.E.M. Building	UNC/NCS20-1
33	Mann Hall–Renovation, Phase 2	UNC/NCS23-1
34	Dabney Hall–Renovation, Phase 2	UNC/NCS23-2
35	Polk Hall–Renovation, Phase 2	UNC/NCS23-3
36	Veterinary School–Large Animal Hospital	UNC/NCS23-4
37	Engineering Classroom Building	UNC/NCS23-5
38	Nuclear Study	UNC/NCS23-6
39	Business School	UNC/NCS23-7
40	<u>Poe Hall</u>	<u>UNC/NCS24-1</u>
41	North Carolina School of Science and Math–	
42	Morganton Campus	
43	Wellness Center	UNC/SSM23-1
44	Durham Campus	
45	Renovation of Residence Halls	UNC/SSM23-2
46	Academic Commons Addition	UNC/SSM23-4
47	University of North Carolina at Asheville–	
48	Lipinsky Hall–Comp. Modernization/Addition	UNC/AVL23-1
49	Sherrill Center	UNC/AVL23-2
50	Gateway Signage	UNC/AVL23-3
51	Repairs & Renovations	UNC/AVL23-4

1	<u>Public Safety Enhancements</u>	<u>UNC/AVL24-1</u>
2	University of North Carolina at Greensboro–	
3	Moore Building–Renovation	UNC/GBO23-1
4	University of North Carolina at Pembroke–	
5	Health Sciences Center	UNC/PEM21-1
6	Givens Performing Arts Center–Renovation or Replacement	UNC/PEM23-1
7	University of North Carolina School of the Arts–	
8	Stevens Center–Renovation, Phase 2	UNC/SA23-1
9	New High School Residence Hall	UNC/SA23-2
10	University of North Carolina at Wilmington–	
11	Cameron Hall–Comprehensive Renovation/Expansion	UNC/WIL23-1
12	Kenan Auditorium–Comprehensive Renovation/Expansion	UNC/WIL23-2
13	DeLoach Hall–Modernization	UNC/WIL23-3
14	Health Education Bldg.	UNC/WIL23-4
15	Western Carolina University–	
16	Replacement Engineering Building	UNC/WCU23-1
17	Winston-Salem State University–	
18	K.R. Williams Auditorium	UNC/WSS21-1
19	Eller Hall–Renovation & Elevator Addition	UNC/WSS23-1
20	Pegram Hall–Renovation & Elevator Addition	UNC/WSS23-2
21	Campus Police Improvements	UNC/WSS23-3
22	UNC Board of Governors–	
23	UNC Lease Funds	UNC/BOG21-1
24	NC Care Health Clinics	UNC/BOG23-1
25	NC Care Hospital Investment	UNC/BOG23-2
26	Children's Hospital	UNC/BOG23-3
27	<u>System Office Personnel Increase</u>	<u>UNC/BOG24-1</u>
28	PBS North Carolina	UNC/PBS23-1
29		
30	Repairs and Renovations–The University of North Carolina	UNC/R&R21
31	Repairs and Renovations–State Agencies (non-UNC)	R&R21
32	SCIF-Related Personnel	PERS21
33	OSBM Flexibility Funds	FLEX21
34	Debt Payoff	DST23-1
35	Wildlife Resources Commission–Setzer Hatchery Revision	WRC23-1
36	"SECTION 40.1.(b) This subsection authorizes the following capital projects in the	
37	2023-2025 fiscal biennium based upon projected cash flow needs for the authorized projects. The	
38	authorizations provided in this subsection represent the maximum amount of funding from the	
39	State Capital and Infrastructure Fund that may be expended on each project and do not reflect	
40	authorizations from other non-State Capital and Infrastructure Fund sources. An additional action	
41	by the General Assembly is required to increase the maximum authorization for any of the	
42	projects listed:	
43	Capital Improvements–	
44	State Capital and	Previous
45	Infrastructure Fund	Project Authorization
46	DACS21-2	\$3,518,000
47	DACS21-4	4,000,000
48	DACS23-1	N/A
49	DACS23-2	N/A
50	DACS23-3	N/A
51	DACS23-4	N/A
		New/Updated
		Project Authorization
		\$7,018,000
		8,100,000
		2,500,000
		200,000
		13,000,000
		1,750,000

1	DACS23-5	N/A	749,000
2	DACS23-6	N/A	750,000
3	DACS23-7	N/A	4,000,000
4	DACS23-8	N/A	5,000,000
5	DACS23-9	N/A	750,000
6	DACS23-10	N/A	6,200,000
7	DACS23-11	N/A	3,000,000
8	DACS23-12	N/A	4,000,000
9	DACS23-13	N/A	5,000,000
10	DACS23-14	N/A	12,000,000
11	<u>DACS24-1</u>	<u>N/A</u>	<u>1,250,000</u>
12	<u>DACS24-2</u>	<u>N/A</u>	<u>4,000,000</u>
13	<u>DACS24-3</u>	<u>N/A</u>	<u>5,000,000</u>
14	DEQ21-1	55,000,000	68,300,000
15	DHHS23-1	N/A	1,352,000
16	DHHS23-2	N/A	5,983,000
17	DHHS23-3	N/A	5,405,000
18	DHHS23-4	N/A	20,000,000
19	DNCR21-5	15,000,000	45,000,000
20	DNCR21-13	60,000,000	180,000,000
21	DNCR23-1	N/A	60,000,000
22	DNCR23-2	N/A	15,000,000
23	DNCR23-4	N/A	620,000
24	DNCR23-5	N/A	10,000,000
25	DNCR23-6	N/A	5,500,000
26	DNCR23-7	N/A	16,721,240
27	DNCR23-8	N/A	4,000,000
28	DNCR23-12	N/A	3,000,000
29	DNCR23-13	N/A	2,500,000
30	DNCR23-14	N/A	2,000,000
31	DNCR23-15	N/A	5,000,000
32	DNCR23-16	N/A	2,800,000
33	DOA22-1	88,000,000	88,000,000
34	DOA22-3	15,000,000	60,000,000
35	DOA23-1	N/A	33,744,000
36	DOA23-2	N/A	
37	~~4,500,000~~ <u>6,500,000</u>		
38	DOA23-3	N/A	11,000,000
39	DOA23-4	N/A	15,000,000
40	DOA23-5	N/A	45,000,000
41	DOA23-6	N/A	5,000,000
42	COMM23-1	N/A	250,000
43	DAC23-1	N/A	23,992,000
44	DAC23-2	N/A	2,960,212
45	DAC23-3	N/A	1,521,000
46	DAC23-4	N/A	1,078,000
47	DAC23-6	N/A	3,488,000
48	DPS21-1	10,702,952	14,702,952
49	DPS21-6	7,139,374	10,634,998
50	DPS23-1	N/A	40,450,000

1	DPS23-3	N/A	
2	<u>35,000,000</u> <u>41,000,000</u>		
3	DPS23-4	N/A	194,000,000
4	DPS23-5	N/A	886,000
5	DPS23-6	N/A	690,000
6	DPS23-7	N/A	43,336,785
7	DPS23-8	N/A	527,000
8	DPS23-9	N/A	5,048,828
9	DPS23-10	N/A	4,198,414
10	DPS23-11	N/A	13,883,000
11	NG23-2	N/A	12,500,000
12	NG23-3	N/A	16,428,582
13	NG23-4	N/A	8,500,000
14	NG23-5	N/A	8,000,000
15	NG23-6	N/A	550,000
16	NG23-9	N/A	3,666,667
17	DPI21-1	23,416,952	30,416,952
18	<u>DPI24-1</u>	<u>N/A</u>	<u>1,500,000</u>
19	DOI21-1	3,500,000	58,500,000
20	TRAN23-1	N/A	350,000,000
21	TRAN23-2	N/A	3,400,000
22	NCGA21-3	269,000,000	320,000,000
23	NCGA23-1	N/A	65,000,000
24	NCGA23-2	N/A	10,000,000
25	UNC/ASU21-1	25,000,000	40,000,000
26	UNC/ASU22-1	9,000,000	50,000,000
27	UNC/ASU23-1	N/A	18,000,000
28	<u>UNC/ASU24-1</u>	<u>N/A</u>	<u>7,000,000</u>
29	UNC/CLT23-1	N/A	36,000,000
30	UNC/CLT23-2	N/A	45,000,000
31	UNC/CLT23-3	N/A	1,500,000
32	UNC/CLT23-4	N/A	25,000,000
33	<u>UNC/CLT24-1</u>	<u>N/A</u>	<u>5,000,000</u>
34	UNC/CH20-1	75,000,000	89,250,000
35	UNC/CH20-2	65,200,000	87,900,000
36	UNC/CH23-1	N/A	25,000,000
37	<u>UNC/CH24-1</u>	<u>N/A</u>	<u>17,500,000</u>
38	<u>UNC/ECS21-2</u>	<u>2,500,000</u>	<u>7,500,000</u>
39	UNC/ECS21-4	34,000,000	54,000,000
40	UNC/ECS23-1	N/A	20,000,000
41	UNC/ECS23-2	N/A	12,500,000
42	<u>UNC/ECS24-1</u>	<u>N/A</u>	<u>3,000,000</u>
43	UNC/ECU21-1	215,000,000	265,000,000
44	UNC/ECU23-1	N/A	46,000,000
45	UNC/ECU23-2	N/A	18,900,000
46	UNC/ECU23-3	N/A	35,000,000
47	UNC/ECU23-4	N/A	50,000,000
48	UNC/ECU23-5	N/A	1,000,000
49	UNC/FSU23-1	N/A	20,750,000
50	UNC/FSU23-2	N/A	10,000,000
51	UNC/A&T23-1	N/A	9,700,000

1	UNC/A&T23-2	N/A	125,500,000
2	UNC/NCC23-1	N/A	12,073,798
3	UNC/NCC23-2	N/A	12,999,424
4	UNC/NCC23-3	N/A	8,500,000
5	UNC/NCS23-1	N/A	30,000,000
6	UNC/NCS23-2	N/A	80,000,000
7	UNC/NCS23-3	N/A	63,000,000
8	UNC/NCS23-4	N/A	120,000,000
9	UNC/NCS23-5	N/A	200,000,000
10	UNC/NCS23-6	N/A	3,000,000
11	UNC/NCS23-7	N/A	4,500,000
12	<u>UNC/NCS24-1</u>	<u>N/A</u>	<u>180,000,000</u>
13	UNC/SSM23-1	N/A	12,000,000
14	UNC/SSM23-2	N/A	28,988,042
15	UNC/SSM23-4	N/A	10,000,000
16	UNC/AVL23-1	N/A	26,150,000
17	UNC/AVL23-2	N/A	5,000,000
18	UNC/AVL23-3	N/A	1,000,000
19	UNC/AVL23-4	N/A	4,000,000
20	<u>UNC/AVL24-1</u>	<u>N/A</u>	<u>2,000,000</u>
21	UNC/GBO23-1	N/A	24,200,000
22	UNC/PEM23-1	N/A	61,000,000
23	UNC/SA23-1	N/A	51,000,000
24	UNC/SA23-2	N/A	24,500,000
25	UNC/WIL23-1	N/A	40,050,000
26	UNC/WIL23-2	N/A	21,600,000
27	UNC/WIL23-3	N/A	12,150,000
28	UNC/WIL23-4	N/A	8,000,000
29	UNC/WCU23-1	N/A	95,300,000
30	UNC/WSS23-1	N/A	10,800,000
31	UNC/WSS23-2	N/A	16,000,000
32	UNC/WSS23-3	N/A	4,000,000
33	UNC/BOG21-1	15,000,000	18,750,000
34	UNC/BOG23-1	N/A	210,000,000
35	UNC/BOG23-2	N/A	150,000,000
36	UNC/BOG23-3	N/A	319,746,392
37	<u>UNC/BOG24-1</u>	<u>N/A</u>	<u>4,000,000</u>
38	UNC/PBS23-1	N/A	49,500,000
39	FLEX21	100,000,000	175,000,000
40	WRC/23-1	N/A	20,000,000
41	"		
42			

SIX-YEAR INTENDED PROJECT ALLOCATION SCHEDULE

SECTION 40.2. 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
1							
2							
3							
4	UNC/R&R21	280,503	250,000	200,000	200,000	200,000	200,000
5	R&R21	200,000	200,000	298,384.52	200,000	200,000	200,000
6	DACS21-2	N/A	2,000	1,500	N/A	N/A	N/A
7	DACS21-4	750	1,850	1,500	N/A	N/A	N/A
8	DACS23-3	N/A	3,000	2,000	4,000	4,000	N/A
9	DACS23-7	N/A	N/A	4,000	N/A	N/A	N/A
10	DACS23-8	N/A	N/A	2,000	1,000	1,000	1,000
11	DACS23-9	N/A	N/A	750	N/A	N/A	N/A
12	DACS23-10	N/A	N/A	2,000	2,000	2,200	N/A
13	DACS23-11	N/A	N/A	N/A	1,500	1,500	N/A
14	DACS23-12	N/A	N/A	N/A	4,000	N/A	N/A
15	DACS23-13	N/A	N/A	N/A	5,000	N/A	N/A
16	DEQ21-1	3,325	28,650	17,075	N/A	N/A	N/A
17	DNCR21-13	15,000	24,250	86,800	30,950	N/A	N/A
18	DNCR23-1	3,000	3,000	30,000	24,000	N/A	N/A
19	DNCR23-7	2,000	7,721.24	7,000	N/A	N/A	N/A
20	DOA22-1	N/A	N/A	8,800	22,000	35,200	22,000
21	DOA22-3	N/A	N/A	N/A	N/A	21,000	N/A
22	DOA23-1	500	N/A	N/A	N/A	1,000	20,244
23	DOA23-2	2,900	800	800	N/A	N/A	N/A
24	DOA23-3	N/A	N/A	N/A	N/A	N/A	11,000
25	DOA23-4	N/A	N/A	15,000	N/A	N/A	N/A
26	DOA23-5	2,000	3,000	40,000	N/A	N/A	N/A
27	DOI21-1	5,500	13,750	49,500	22,000	N/A	N/A
28	DAC23-1	4,776.39	9,607.8	9,607.8	N/A	N/A	N/A
29	DAC23-6	N/A	449	2,439	600	N/A	N/A
30	DPS21-6	N/A	836.88	2,658.75	N/A	N/A	N/A
31	DPS21-9	3,268.05	30,000	19,793.24	N/A	N/A	N/A
32	DPS23-1	N/A	600	10,000	29,850	N/A	N/A
33	DPS23-3	N/A	4,400	8,500	13,600	8,500	N/A
34	DPS23-4	N/A	N/A	N/A	N/A	N/A	19,000
35	DPS23-7	2,000	4,333.68	10,834.2	17,334.71	8,834.2	N/A
36	DPS23-9	1,000	2,024.4	2,024.4	N/A	N/A	N/A
37	DPS23-11	2,028.5	5,927.25	5,927.25	N/A	N/A	N/A
38	NG23-1	4,000	6,000	6,000	N/A	N/A	N/A
39	NG23-2	1,500	6,000	5,000	N/A	N/A	N/A
40	NG23-4	N/A	2,000	6,500	N/A	N/A	N/A
41	NG23-5	N/A	N/A	800	4,000	3,200	N/A
42	NG23-9	N/A	666.7	3,000	N/A	N/A	N/A
43	TRAN23-1	50,000	125,000	125,000	50,000	N/A	N/A
44	NCGA21-3	N/A	N/A	65,250	74,750	N/A	N/A
45	NCGA23-1	6,500	16,250	26,000	16,250	N/A	N/A
46	WRC23-1	8,000	6,000	6,000	N/A	N/A	N/A
47	UNC/ASU21-1	N/A	7,500	7,500	N/A	N/A	N/A
48	UNC/ASU22-1	N/A	4,100	19,003.74	12,300	21,996.31	14,350
49	UNC/ASU23-1	N/A	1,800	6,300	9,900	N/A	N/A
50	UNC/CLT23-1	N/A	3,600	N/A	5,449.11	12,600	26,950.9
51	UNC/CLT23-2	N/A	N/A	N/A	N/A	4,500	N/A

1	UNC/CH20-2	N/A	15,756.95	17,693.05	N/A	N/A	N/A
2	UNC/CH23-1	N/A	N/A	N/A	N/A	2,500	10,000
3	UNC/ECS21-4	N/A	30,827.27	9,172.73	N/A	N/A	N/A
4	UNC/ECS23-1	N/A	2,000	8,000	10,000	N/A	N/A
5	UNC/ECS23-2	N/A	N/A	N/A	N/A	1,250	N/A
6	UNC/ECU21-1	N/A	20,000	84,007.3	85,742.72	N/A	N/A
7	UNC/ECU23-1	N/A	4,600	13,800	16,100	11,500	N/A
8	UNC/ECU23-2	N/A	N/A	N/A	N/A	1,890	N/A
9	UNC/ECU23-3	8,750	17,500	8,750	N/A	N/A	N/A
10	UNC/FSU21-2	N/A	36,376.1	6,573.9	N/A	N/A	N/A
11	UNC/FSU23-1	N/A	N/A	N/A	N/A	2,075	N/A
12	UNC/FSU23-2	1,000	3,500	5,500	N/A	N/A	N/A
13	UNC/A&T23-1	970	3,395	5,335	N/A	N/A	N/A
14	UNC/A&T23-2	N/A	N/A	N/A	N/A	2,000	18,825
15	UNC/NCC23-1	1,207.4	N/A	4,829.5	6,036.9	N/A	N/A
16	UNC/NCC23-2	N/A	1,299.94	N/A	4,549.8	7,149.68	N/A
17	UNC/NCC23-3	N/A	850	N/A	2,975	4,675	N/A
18	UNC/NCS20-1	N/A	6,025.2	22,224.8	N/A	N/A	N/A
19	UNC/NCS23-1	N/A	3,000	27,000	N/A	N/A	N/A
20	UNC/NCS23-2	N/A	8,000	24,000	56,741.72	28,000	15,258.32
21	UNC/NCS23-3	N/A	6,300	18,900	42,814.32	22,050	13,885.71
22	UNC/NCS23-4	N/A	N/A	7,000	35,000	33,942.93	35,000
23	UNC/NCS23-5	N/A	N/A	N/A	20,000	60,000	60,000
24	UNC/NCS24-1	N/A	5,000	N/A	N/A	87,500	87,500
25	UNC/SSM23-2	N/A	12,750	3,500	11,663.5	N/A	4,574.61
26	UNC/SSM23-4	N/A	N/A	N/A	N/A	1,000	N/A
27	UNC/AVL23-1	2,615	6,537.5	11,767.5	5,230	N/A	N/A
28	UNC/GBO23-1	N/A	2,420	N/A	8,470	13,310	N/A
29	UNC/PEM21-1	N/A	N/A	N/A	N/A	26,927	36,400
30	UNC/PEM23-1	N/A	6,100	24,400	30,500	N/A	N/A
31	UNC/SA23-1	5,100	12,750	22,950	N/A	10,200	13,321.2
32	UNC/SA23-2	N/A	N/A	N/A	N/A	2,450	N/A
33	UNC/WIL23-1	N/A	4,005	10,012.5	16,020	10,012.5	N/A
34	UNC/WIL23-2	N/A	2,160	5,400	8,640	5,400	N/A
35	UNC/WIL23-3	N/A	1,215	4,860	6,075	N/A	N/A
36	UNC/WCU23-1	N/A	2,000	N/A	9,530	33,355	50,415
37	UNC/WSS21-1	N/A	N/A	37,050	N/A	22,800	N/A
38	UNC/WSS23-1	N/A	800	1,080	N/A	3,780	5,140
39	UNC/WSS23-2	N/A	800	1,600	N/A	5,600	8,000
40	UNC/BOG21-1	3,750	3,750	3,750	3,750	N/A	N/A
41	UNC/BOG23-1	25,000	80,000	105,000	N/A	N/A	N/A
42	UNC/BOG23-3	143,864.4	72,382	103,500	N/A	N/A	N/A
43	UNC/BOG24-1	N/A	1,000	1,000	1,000	1,000	N/A
44	UNC/PBS23-1	N/A	4,950	N/A	17,325	27,225	N/A

NON-GENERAL FUND/NON-SCIF CAPITAL PROJECT AUTHORIZATIONS

SECTION 40.3. 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
1			
2			
3			
4	Department of Natural and Cultural Resources		
5	Electric Vehicle Fast Chargers	\$2,000,000	\$0
6	Brunswick Town State Historic Site–		
7	Historical Restorations	150,000	0
8	<u>Mary Ann Brittain Education Center</u>	<u>0</u>	<u>2,200,000</u>
9	<u>Fort Fisher Aquarium Energy Efficiency System</u>	<u>0</u>	<u>2,000,000</u>
10	<u>Jennette's Pier Weather Station Upgrades</u>	<u>0</u>	<u>100,000</u>
11	Department of Agriculture and Consumer Services		
12	Arena and Barn Replacement	1,900,000	0
13	ASC Lab Renovation	400,000	0
14	Grain Storage and Drying Improvements	370,000	0
15	Equipment Shelters Replacement	0	300,000
16	NCFS Facility and Infrastructure Improvements	1,000,000	0
17	PTFM Facility and Infrastructure Improvements	1,000,000	0
18	Raleigh FM Facility and Infrastructure Improvements	1,000,000	0
19	RS Infrastructure Repairs and Renovations	1,250,000	0
20	State Fair Gate 8 Restroom Renovation	1,500,000	0
21	State Fair Infrastructure Improvements	20,000,000	0
22	State Fair Lunch Facility Renovation	25,500,000	0
23	Vet Infrastructure Repairs and Renovations	250,000	0
24	WNCAGCTR Facility and Infrastructure Improvements	1,250,000	0
25	<u>State Fair Flower Show Building</u>	<u>0</u>	<u>2,250,000</u>
26	<u>Piedmont Aviary</u>	<u>0</u>	<u>2,000,000</u>
27	<u>Raleigh State Farmers Market Improvements</u>	<u>0</u>	<u>5,000,000</u>
28	Department of Public Safety		
29	Alcoholic Beverage Control–		
30	Warehouse Precast Repair	275,000	0
31	ABC New Campus–Advanced Planning	4,700,000	0
32	Department of Adult Correction		
33	Old Craggy Laundry Wastewater/Stormwater Repl.	742,000	0
34	Wildlife Resources Commission		
35	Land Acquisition	5,000,000	5,000,000
36	Game Land Improvements	2,000,000	0
37	Caswell Depot Expansion	2,460,000	0
38	Mills River Equipment Storage	355,000	0
39	Morganton Depot Equipment Storage	340,000	0
40	Rhems Depot Equipment Storage	415,000	0
41	Troy Depot Office/Shop & Storage	1,900,000	0
42	Shooting Range Office & Classroom Constr.	3,100,000	0
43	Mount Holly Depot	0	2,400,000
44	Marion Aquaculture Building	0	600,000
45	<u>Sykes Depot Greenhouse</u>	<u>0</u>	<u>60,000</u>
46	<u>D7 Storage Building</u>	<u>0</u>	<u>400,000</u>
47	<u>Caswell Shooting Range Expansion</u>	<u>0</u>	<u>3,850,000</u>
48	<u>Coastal Restoration & Resiliency</u>	<u>0</u>	<u>500,000</u>
49	<u>Washington Baum Bridge Public Fishing Access</u>	<u>0</u>	<u>875,000</u>
50	Department of Military and Veterans Affairs		
51	<u>Sandhills State Veterans Cemetery</u>	<u>0</u>	<u>2,307,236</u>

1	<u>Eastern Carolina State Veterans Cemetery</u>	<u>0</u>	<u>507,150</u>
2	<u>Coastal Carolina State Veterans Cemetery</u>	<u>0</u>	<u>771,750</u>
3	<u>Salisbury State Veterans Home</u>	<u>0</u>	<u>11,438,910</u>

4

5 **TOTAL AMOUNT OF NON-GENERAL**

6 **FUND/NON-SCIF CAPITAL PROJECTS**

7 **AUTHORIZED**

\$78,857,000

\$8,300,000

\$42,560,046"

9

10 **VARIOUS CAPITAL CHANGES & CORRECTIONS**

11 **SECTION 40.4.(a)** Section 40.1(i) of S.L. 2023-134 is repealed.

12 **SECTION 40.4.(b)** Notwithstanding G.S. 143C-8-11, the funding allocated for the

13 repairs and renovations of the historic Superintendent's House located on the campus of North

14 Carolina School for the Deaf described in Section 40.1(c1)(5) of S.L. 2021-180 shall not revert

15 and the project authorization shall not lapse until the project has been completed.

16 **SECTION 40.4.(c)** Notwithstanding Section 23.12(g) of S.L. 2006-66 and Section

17 31.22 of S.L. 2015-241, or any other provision of law to the contrary, the Department of Adult

18 Correction may use up to one million six hundred twelve thousand four hundred eighty-one

19 dollars (\$1,612,481) from the projects described in Section 23.12(g) of S.L. 2006-66 and Section

20 31.22 of S.L. 2015-241 to finance capital facility costs of HVAC projects at State facilities. No

21 additional special indebtedness may be issued or incurred to finance these projects. The use of

22 funds authorized by this subsection shall not require further approval by the Council of State

23 pursuant to Chapter 142 of the General Statutes.

24 **SECTION 40.4.(d)** Section 40.1(a) of S.L. 2023-134 reads as rewritten:

25 **"SECTION 40.1.(a)** The following agency capital improvement projects have been assigned

26 a project code for reference to allocations in this Part, past allocations, and for intended project

27 support by the General Assembly for future fiscal years:

28 ...

29 East Carolina University–

30 Brody School of Medicine UNC/ECU21-1

31 Howell Science Building North–Comprehensive Renovation UNC/ECU23-1

32 Leo Jenkins Building/Health Sciences–Comprehensive Renovation UNC/ECU23-2

33 Medical Examiner Office UNC/ECU23-3

34 Regional Children's Behavioral Health Facility UNC/ECU23-4

35 Dental School Planning UNC/ECU23-5

36 ...

37 University of North Carolina at Wilmington–

38 Cameron Hall–Comprehensive Renovation/Expansion UNC/WIL23-1

39 Kenan Auditorium–Comprehensive Renovation/Expansion UNC/WIL23-2

40 DeLoach Hall–Modernization UNC/WIL23-3

41 ~~Health Education~~ S.T.E.M. Bldg. UNC/WIL23-4

42"

43 **SECTION 40.4.(e)** Notwithstanding the Committee Report described in Section 43.2

44 of S.L. 2023-134 or any provision of law to the contrary, the funding allocated from the State

45 Capital and Infrastructure Fund to the University of North Carolina at Wilmington in the sum of

46 eight million dollars (\$8,000,000) in nonrecurring funds for the 2023-2024 fiscal year shall be

47 used to for the planning and construction of the S.T.E.M. building and related capital

48 improvements or equipment.

49 **SECTION 40.4.(f)** Notwithstanding the Committee Report described in Section 43.2

50 of S.L. 2023-134 or any other provision of law to the contrary, the funding allocated from the

51 State Capital and Infrastructure Fund to East Carolina University in the sum of fifty million

dollars (\$50,000,000) in nonrecurring funds for the 2023-2024 fiscal year shall be used to construct a Regional Behavioral Health facility in Greenville.

DOWNTOWN GOVERNMENT COMPLEX

SECTION 40.5.(a) The Department of Administration shall sell the property situated on the parcel of land in the City of Raleigh, with Wake County real estate ID# 0179265, commonly known as 304 N. Dawson Street, for fair market value. No service charge into the State Land Fund shall be deducted from or levied against the proceeds of the sale of the property listed in this subsection. Notwithstanding G.S. 146-30, the proceeds of the sale of the property listed in this subsection shall be handled in accordance with the following priority:

- (1) First, in accordance with the provisions of any trust or other instrument of title whereby title to the subject real property was acquired by the State.
- (2) Second, to reimburse the Department of Administration for any funds expended in the sale of the subject real property.
- (3) Third, to be deposited into the State Capital and Infrastructure Fund, established in G.S. 143C-4-3.1.

The Department of Administration shall obtain an appraisal assessing the value for the property listed in this subsection according to their best and highest use and shall submit the appraisal to the Joint Legislative Oversight Committee on Capital Improvements and the Fiscal Research Division no later than January 1, 2025.

SECTION 40.5.(b) The Department of Administration shall prepare a plan that, within 18 months of the effective date of this section, would consolidate and move the offices of the State Records Center and any storage or satellite facilities related to the State Records Center to another location outside of the downtown government complex. The Department of Administration shall consider options for lease or purchase and shall submit its plan and cost estimates to the Joint Legislative Oversight Committee on Capital Improvements and the Fiscal Research Division no later than March 1, 2025.

SECTION 40.5.(c) This section is effective when it becomes law.

UNC SYSTEM OFFICE APPROVAL OF PLANNING EXPENDITURES

SECTION 40.6. G.S. 143C-8-12 reads as rewritten:

"§ 143C-8-12. Capital improvement projects from sources other than the General Fund.

(a) University Projects. – Notwithstanding any other provision of this Chapter, the Board of Governors of The University of North Carolina may approve any of the following:

- (1) Expenditures to plan a capital improvement project of The University of North Carolina, the planning for which is to be funded entirely with non-General Fund and non-State Capital and Infrastructure Fund monies.
- (2) Expenditures for a capital improvement project of The University of North Carolina that is to be funded and operated entirely with non-General Fund and non-State Capital and Infrastructure Fund monies.
- (3) A change in the scope of any previously approved capital improvement project of The University of North Carolina provided that both the project and change in scope are funded entirely with non-General Fund and non-State Capital and Infrastructure Fund monies.

For projects authorized by an act of the General Assembly and funded with an allocation from the State Capital and Infrastructure Fund, expenditures to a non-State third-party on project planning, project management, or other consulting services by a constituent institution of The University of North Carolina shall be subject to approval by The University of North Carolina System Office. Nothing in this subsection shall be construed to prohibit expenditures for planning for a project that has been authorized by an act of the General Assembly and funded with an allocation from the State Capital and Infrastructure Fund.

(b) Carryforward Funds. – For purposes of this section, the term "non-General Fund and non-State Capital and Infrastructure Fund monies" includes funds carried forward from one fiscal year to another pursuant to G.S. 116-30.3 and G.S. 116-30.3B. These funds shall only be used for projects listed in G.S. 143C-8-13(a).

(c) National Guard Projects. – Notwithstanding any other provision of this Chapter, the North Carolina National Guard may approve expenditures for a capital project of the North Carolina National Guard if (i) the project will be funded entirely with federal funds and (ii) any operating costs associated with the project will be paid entirely with federal funds.

(d) Reporting. – The Board of Governors and the National Guard shall report any expenditure made pursuant to this section to the Office of State Budget and Management and to the Joint Legislative Commission on Governmental Operations."

PART XLI. TRANSPORTATION

CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND

SECTION 41.1.(a) Subsections (b) and (c) of Section 41.1 of S.L. 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 2025-26	\$3,275.8 million
For Fiscal Year 2026-27	\$3,290.5 million
For Fiscal Year 2027-28	\$3,356.5 million
For Fiscal Year 2028-29	\$3,513.1 million
For Fiscal Year 2029-30	\$3,583.1 million

SECTION 41.1.(c) The General Assembly authorizes and certifies anticipated revenues for the Highway Trust Fund as follows:

For Fiscal Year 2025-26	\$2,496.3 million
For Fiscal Year 2026-27	\$2,544.6 million
For Fiscal Year 2027-28	\$2,616.8 million
For Fiscal Year 2028-29	\$2,682.5 million
For Fiscal Year 2029-30	\$2,745.6 million

SECTION 41.1.(d) The Department of Transportation, in collaboration with the Office of State Budget and Management, shall develop a 10-year revenue forecast. The 10-year revenue forecast developed under this subsection shall be used (i) to develop the five-year cash flow estimates included in the biennial budgets, (ii) to develop the Strategic Transportation Improvement Program, and (iii) by the Department of the State Treasurer to compute transportation debt capacity.

CONTINGENCY FUNDS

SECTION 41.2.(a) The funds appropriated in this act to the Department of Transportation, Construction – Contingency Fund Code for the 2024-2025 fiscal year shall be allocated statewide for rural or small urban highway improvements and related transportation enhancements to public roads and public facilities, industrial access roads, railroad infrastructure, and spot safety projects, including pedestrian walkways that enhance highway safety. Projects funded pursuant to this subsection require prior approval by the Secretary of Transportation. Funds allocated under this subsection shall not revert at the end of the applicable fiscal year but shall remain available until expended. The use of funds that do not revert under this subsection is not restricted to the fiscal year in which the funds were allocated.

SECTION 41.2.(b) The Department of Transportation shall report to the members of the General Assembly on projects funded pursuant to subsection (a) of this section in each member's district prior to construction. The Department shall make a quarterly comprehensive

report on the use of these funds to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division.

BUDGET ALIGNMENT AND TRANSPARENCY

SECTION 41.3.(a) The Chief Financial Officer of the Department of Transportation (CFO), in consultation with the Office of State Budget and Management, Office of the State Controller, and the Fiscal Research Division, shall align the internal ledger and business practices of the Department of Transportation with the Department's certified budget in accordance with the standards established by the Governmental Accounting Standards Board (GASB). For this purpose, the CFO shall use the State Accounting System to guide the development and adoption of procedures to ensure that budget compliance, including the movement of appropriations across fiscal years, is clearly documented. The requirements of this section shall be completed by July 1, 2025.

SECTION 41.3.(b) Beginning October 1, 2024, and every quarter thereafter until the completion date set forth in subsection (a) of this section, the CFO shall submit progress reports on the implementation of this section to the Joint Legislative Transportation Oversight Committee (JLTOC) and the Fiscal Research Division.

DOT RECLASSIFICATION AUTHORITY FOR CERTAIN POSITIONS

SECTION 41.4. Notwithstanding any other provision of law to the contrary, the Department of Transportation shall reclassify a sufficient number of positions to fund the following positions. The Department may only reclassify a position if the position has been vacant for more than 365 days. Reclassification under the authority of this section shall be in accordance with the classification system established by the State Human Resources Commission. The positions are as follows:

- (1) Up to 20 full-time equivalent (FTE) positions in the Division of Motor Vehicles for Driver License Examiner I positions.
- (2) One FTE Title VI Program Coordinator and one FTE Work Force Program Coordinator in the Office of Civil Rights.

MODIFICATION TO MONTHLY STATEMENT REPORT

SECTION 41.5. The Department of Transportation shall modify its monthly financial statement report, as required by G.S. 143C-6-11(q), by separating electric vehicle registration fees from staggered registration in the "Statement of Fees, Taxes, and Other" for the Highway Fund.

CORRECT BASE BUDGET TO ACCURATELY REFLECT DMV ELECTRONIC PAYMENT TRANSACTION FEES IN THE BASE BUDGET

SECTION 41.6. The Division of Motor Vehicles (Division) of the Department of Transportation (Department) and the Financial Management Division of the Department shall work with the Office of State Budget and Management to ensure the Base Budget for Budget Fund 801176 accurately reflects the projected requirements and receipts needed to ensure that credit card transaction fees the Division pays to its vendor for electronic payment processing are fully receipt supported. The Division shall adjust receipt projections in accordance with G.S. 143C-3-5(b)(2)c. and shall adjust Base Budget requirements to match those projected receipts. In calculating the Base Budget requirements, the Department of Transportation shall only include transaction fees directly collected by the Division to cover service charges paid by the Division to vendors for credit card transaction fees.

REPEAL OVERSIGHT EXEMPTION FOR DMV MODERNIZATION PROJECTS/RFP FOR DMV MODERNIZATION

SECTION 41.8.(a) Section 11 of S.L. 2021-134 is repealed, and the provisions of Part 4 of Article 15 of Chapter 143B of the General Statutes shall apply to the Department of Information Technology's (DIT) procurement of information technology under this section, including the provisions related to the issuance of requests for proposals.

SECTION 41.8.(b) The Department of Transportation shall:

- (1) Immediately terminate any non-contractually binding memorandum of understanding or memorandum of agreement entered into pursuant to the exemption created by Section 11 of S.L. 2021-134.
- (2) Allow to expire and not renew any contract entered into pursuant to the exemption created by Section 11 of S.L. 2021-134.

SECTION 41.8.(c) It is the intent of the General Assembly to modernize the Information Technology (IT) systems of the Division of Motor Vehicles of the Department of Transportation (DMV) by contracting for the replacement of all DMV IT functions currently supported by the DMV's mainframe system. DIT shall develop and issue a Request for Proposal (RFP) no later than October 1, 2024, to contract with a third-party vendor (contractor) to develop replacements for the DMV's IT functions, including all of the following systems: (i) the State Titling and Registration System; (ii) the State Automated Driver License System; (iii) the Liability Insurance Tracking and Enforcement System; (iv) all IT systems supporting the enforcement of emission and safety inspection requirements; and (v) the North Carolina Crash Reporting System. DIT shall contract with the contractor for the complete modernization and replacement of these systems, notwithstanding any currently pending contracts. Current functions of the DMV's mainframe system may be exempted from this RFP if the functions supported by those systems are no longer necessary for DMV's operations. No later than January 1, 2025, DIT shall select a contractor with a demonstrated ability to replace and modernize DMV's IT functions in an expeditious, efficient, and cost-effective manner.

SECTION 41.8.(d) No later than January 1, 2025, DIT shall report the RFP issued and the contractor selected. Every six months thereafter, DIT shall report on the contractor's progress in replacing and Modernizing DMV's IT systems, including a report detailing completion of the IT modernization and replacement project. The reports required by this subsection shall be distributed to the Fiscal Research Division and the chairs of all of the following:

- (1) The Joint Legislative Transportation Oversight Committee.
- (2) The Joint Legislative Oversight Committee on Information Technology.
- (3) The House and Senate Transportation Appropriations Committees.
- (4) The Senate Appropriations Committee on General Government and Information Technology.
- (5) The House Appropriations Committee on General Government.

SECTION 41.8.(e) This section expires upon submission of the final post-completion report required under subsection (d) of this section or January 1, 2026, whichever is earlier.

APPOINTMENT OF COMMISSIONER OF MOTOR VEHICLES

SECTION 41.9.(a) G.S. 20-2 reads as rewritten:

"§ 20-2. Commissioner of Motor Vehicles; rules.

(a) ~~Commissioner and Assistants.~~ Commissioner. – The Division of Motor Vehicles shall be administered by the Commissioner of Motor Vehicles, who shall be appointed by and serve at the pleasure of the ~~Secretary of the Department of Transportation~~ Governor. The Commissioner's appointment shall be subject to confirmation by the General Assembly by joint resolution. If a vacancy arises or exists pursuant to this subsection when the General Assembly is not in session, the Governor may appoint a Commissioner to serve on an interim basis pending confirmation by the General Assembly. For the purposes of this subsection, the General

Assembly is not in session only (i) prior to convening of the Regular Session, (ii) during any adjournment of the Regular Session for more than 10 days, and (iii) after sine die adjournment of the Regular Session.

(a1) Commissioner Salary. – The Commissioner shall be paid an annual salary to be fixed by the Governor and allowed traveling expenses as allowed by law.

(a2) Assistants. – In any action, proceeding, or matter of any kind, to which the Commissioner of Motor Vehicles is a party or in which he may have an interest, all pleadings, legal notices, proof of claim, warrants for collection, certificates of tax liability, executions, and other legal documents, may be signed and verified on behalf of the Commissioner of Motor Vehicles by the Assistant Commissioner of Motor Vehicles or by any director or assistant director of any section of the Division of Motor Vehicles or by any other agent or employee of the Division so authorized by the Commissioner of Motor Vehicles.

(b) Rules. – The Commissioner may adopt rules to implement this Chapter. Chapter 150B of the General Statutes governs the adoption of rules by the Commissioner."

SECTION 41.9.(b) This section is effective when it becomes law.

FERRY DRY DOCK USE OF FUNDS REPORT

SECTION 41.10. No later than October 1, 2024, and quarterly thereafter until the funds are expended, the Ferry Division shall submit a progress report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division on the use of funds appropriated by this act to the Ferry Division for marine vessel dry docking. The report shall include the following information by fiscal year:

- (1) A list of all marine vessels scheduled or under contract for dry docking.
- (2) The estimated cost of the work to be completed for each marine vessel sent to a private shipyard for dry dock.
- (3) The actual cost of the work and the total funds used as of the report date.

WAKE AND JONES COUNTY MAINTENANCE YARDS

SECTION 41.11.(a) Jones County. – Notwithstanding subdivision (1) of Section 1.7 of S.L. 2019-251, of the remaining funds from the thirty million dollars (\$30,000,000) appropriated for Hurricane Dorian debris removal and highway infrastructure repair, twenty-five million two hundred thousand dollars (\$25,200,000) shall be used by the Department of Transportation to fund relocation of the Jones County maintenance yard. Any remaining funds shall be transferred to the General Fund.

SECTION 41.11.(b) Wake County. – The Department of Transportation and the Department of Agriculture and Consumer Services shall extend the period in which the Department of Transportation must relocate the Wake County maintenance yard by one year from the date of their current agreement.

REQUIRE PRIVATE ENTITY TO ADMINISTER LOGO SIGN PROGRAM

SECTION 41.12.(a) G.S. 136-89.56 reads as rewritten:

"§ 136-89.56. **Commercial enterprises.**

(a) No commercial enterprises or activities shall be authorized or conducted by the Department of Transportation, or the governing body of any city or town, within or on the property acquired for or designated as a controlled-access facility, as defined in this Article, except for:

- (1) Materials displayed at welcome centers which shall be directly related to travel, accommodations, tourist-related activities, tourist-related services, and attractions. The Department of Transportation shall issue rules regulating the display of these materials. These materials may contain advertisements for real estate; and

(2) Vending machines permitted by the Department of Transportation and placed by the Division of Services for the Blind, Department of Health and Human Services, as the State licensing agency designated pursuant to Section 2(a)(5) of the Randolph-Sheppard Act (20 USC 107a(a)(5)). The Department of Transportation shall regulate the placing of the vending machines in highway rest areas and shall regulate the articles to be dispensed. In order to permit the establishment of adequate fuel and other service facilities by private owners or their lessees for the users of a controlled-access facility, the Department of Transportation shall permit access to service or frontage roads within the publicly owned right-of-way of any controlled-access facility established or designated as provided in this Article, at points which, in the opinion of the Department of Transportation, will best serve the public interest. The location of such fuel and other service facilities may be indicated to the users of the controlled-access facilities by appropriate signs, the size, style, and specifications of which shall be determined by the Department of Transportation.

(b) The location of fuel, gas, food, lodging, camping, and attraction facilities may be indicated to the users of the controlled-access facilities by appropriate logos placed on signs owned, controlled, and erected within the right-of-way of fully and partially controlled-access highways by the Department of Transportation.

(c) The Department shall contract with a private entity to administer the erection of signs and placement of logos, as authorized by this section (Logo Sign Program). The responsibilities of the private entity shall include the following: acquisition and erection of signs; design, manufacture, and placement of logos on signs; maintenance of signs and logos; receipt and response to information request concerning the program; and management of the financial transactions related to the program. The owners, operators or lessees of fuel, gas, food, lodging, camping, and attraction facilities who wish to place a logo identifying their business or service on a sign shall furnish a logo meeting the size, style and specifications determined by the Department of Transportation and shall pay ~~the Department of Transportation~~ a fee set by the vendor and approved by the Board of Transportation. ~~The Board shall set the fee set by the vendor shall be determined based on market rates for the number of vehicles that pass by the sign, reflecting the value of the visibility and access provided to the participating businesses and to cover the initial costs of signs, sign installation, and maintenance, and the costs of administering the logo sign program. The Transportation Mobility and Safety Division of the Department of Transportation shall administer the logo sign program, including receiving requests for information concerning the logo sign program."~~

SECTION 41.12.(b) The following rules are repealed: 19A NCAC 02E .0216 and 19A NCAC 02E .0221. The Department of Transportation may adopt temporary rules and shall adopt permanent rules consistent with subsection (a) of this section.

SECTION 41.12.(c) No later than 120 days after the effective date of this act, the Department shall issue a Request for Proposal (RFP) and select a vendor in accordance with this section.

LOCAL REGULATION OF BUSINESS SIGNS REMOVED BECAUSE OF DEPARTMENT OF TRANSPORTATION RIGHT-OF-WAY ACQUISITION

SECTION 41.13. G.S. 136-131.5 is amended by adding a new subsection to read:

"(e) The relocation of a lawfully erected outdoor advertising sign that is removed because of Department of Transportation right-of-way acquisition shall be subject to the local ordinances and regulations that were in effect at the time the outdoor advertising sign was lawfully erected. This subsection does not apply to subsequent changes to the State Building Code since the outdoor advertising sign was lawfully erected."

AIRPORT IMPROVEMENT FUNDS SHALL NOT REVERT

SECTION 41.14. Notwithstanding G.S. 143C-1-2(b), G.S. 63-74(d), Section 41.4 of S.L. 2022-74, or any other provision of law to the contrary, funds allocated for airport improvements on or after July 1, 2019, by Section 4.7 of S.L. 2019-231, Section 2.2(j) of S.L. 2023-134, or any other act of the General Assembly shall not revert but shall remain available to expend until completion of the improvement.

REQUIRE DMV TO DEVELOP WORK ZONE SAFETY TRAINING COURSE

SECTION 41.15.(a) G.S. 20-7 reads as rewritten:

"§ 20-7. Issuance and renewal of drivers licenses.

(a) License Required. – To drive a motor vehicle on a highway, a person must be licensed by the Division under this Article or Article 2C of this Chapter to drive the vehicle and must carry the license while driving the vehicle. The Division issues regular drivers licenses under this Article and issues commercial drivers licenses under Article 2C.

...

A person holding a commercial drivers license issued by another jurisdiction must apply for a transfer and obtain a North Carolina issued commercial drivers license within 30 days of becoming a resident. Any other new resident of North Carolina who has a drivers license issued by another jurisdiction must obtain a license from the Division within 60 days after becoming a ~~resident~~ resident, and the Division shall, at minimum, require completion of the highway work zone training course implemented pursuant to G.S. 20-88.1 before issuing that license.

...

(c) Tests. – To demonstrate physical and mental ability, a person must pass an examination. The examination may include road tests, vision tests, oral tests, and, in the case of literate applicants, written tests, as the Division may require. The tests must ensure that an applicant (i) recognizes the handicapped international symbol of access, as defined in G.S. 20-37.5, and (ii) has completed the highway work zone safety training course implemented by the Division pursuant to G.S. 20-88.1. The Division may not require a person who applies to renew a license that has not expired to take a written test or a road test unless one or more of the following applies:

- (1) The person has been convicted of a traffic violation since the person's license was last issued.
- (2) The applicant suffers from a mental or physical condition that impairs the person's ability to drive a motor vehicle.

...."

SECTION 41.15.(b) G.S. 20-88.1 reads as rewritten:

"§ 20-88.1. Driver education.

...

(e) The Division shall develop a training course, or identify an existing training course, to educate individuals on the safe operation of a motor vehicle within a highway work zone, as that term is defined in G.S. 20-141. With respect to the training course developed or identified pursuant to this subsection, the Division shall do both of the following:

- (1) Ensure the training course is accessible to the public both in person and on the Division's website.
- (2) Develop a method for a person to demonstrate successful completion of the training course."

SECTION 41.15.(c) The Division of Motor Vehicles of the Department of Transportation (Division), in consultation with the Department of Public Instruction, shall do all of the following:

- (1) Develop a training course, or identify an existing training course, to educate individuals on the safe operation of a motor vehicle within a highway work zone, as that term is defined in G.S. 20-141.
- (2) With respect to the training course developed or identified pursuant to this subsection, develop a plan to do all of the following:
 - a. Make the training course developed or identified pursuant to this section available to the public both in person and on the Division's website.
 - b. Establish a method for a person to demonstrate completion of the training course.
 - c. Integrate the training course into the driver education program established pursuant to G.S. 115C-215.
- (3) No later than March 31, 2025, the Division shall submit a report to the House of Representatives Appropriations Committee on Transportation, the Senate Appropriations Committee on the Department of Transportation, and the Fiscal Research Division. The report shall contain an update on the Division's progress in complying with the requirements of this subsection.

SECTION 41.15.(d) Subsections (a) and (b) of this section become effective December 1, 2025. The remainder of this section is effective when it becomes law.

PART XLII. FINANCE

ALLOW SINGLE APPLICATION FOR LEGACY AIRPORT PROPERTY TAX EXCLUSION

SECTION 42.1.(a) G.S. 105-282.1(a)(2)b. reads as rewritten:

"b. Special classes of property excluded from taxation under G.S. 105-275(3), (7), (8), (12), (17), (18), (19), (20), (21), (31e), (35), (36), (38), (39), (41), (45), (46), (47), (48), ~~or (49)-(49), or (50)~~ or under G.S. 131A-21."

SECTION 42.1.(b) This section is effective when it becomes law.

PART XLIII. MISCELLANEOUS

STATE BUDGET ACT APPLIES

SECTION 43.1. The provisions of the State Budget Act, Chapter 143C of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

COMMITTEE REPORT

SECTION 43.2.(a) The North Carolina House Appropriations Committee Report on the Current Operations Appropriations Act of 2024, Proposed Committee Substitute for H263, which was distributed in the House and used to explain this act, shall indicate action by the General Assembly on this act and shall, therefore, be used to construe this act, as provided in the State Budget Act, Chapter 143C of the General Statutes, as appropriate, and for these purposes shall be considered a part of this act and, as such, shall be printed as a part of the Session Laws.

SECTION 43.2.(b) The budget enacted by the General Assembly is for the maintenance of the various departments, institutions, and other spending agencies of the State for the 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).

The Director of the Budget submitted a recommended base budget to the General Assembly in the Governor's Recommended Budget for the 2023-2025 fiscal biennium, dated

March 2023, and in the Budget Support Document for the various departments, institutions, and other spending agencies of the State. The adjustments to the recommended base budget made by the General Assembly are set out in the Committee Report.

SECTION 43.2.(c) The budget enacted by the General Assembly shall also be interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other appropriate legislation. In the event that there is a conflict between the line-item budget certified by the Director of the Budget and the budget enacted by the General Assembly, the budget enacted by the General Assembly shall prevail.

SECTION 43.2.(d) Notwithstanding subsection (a) of this section, the following portions of the Committee Report are for reference, and do not expand, limit, or define the text of the Committee Report:

- (1) Summary pages setting forth the enacted budget, the legislative changes, the revised budget, and the related FTE information for a particular budget code and containing no other substantive information.
- (2) Summary pages setting forth the enacted budget, the legislative changes, the revised budget, and the related FTE information for multiple fund codes within a single budget code and containing no other substantive information.

REPORT BY FISCAL RESEARCH DIVISION

SECTION 43.3. The Fiscal Research Division shall issue a report on budget actions taken by the 2023 Regular Session of the General Assembly in 2024. 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 year.

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 interpretation of effective dates referring to a Part or Subpart.

SEVERABILITY CLAUSE

SECTION 43.7. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

EFFECTIVE DATE

SECTION 43.8. Except as otherwise provided, this act becomes effective July 1, 2024.