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SENATE BILL DRS35225-MCa-84

Short Title: Lasting Economic and Academic Prosperity Act. (Public)

Sponsors: Senators Chitlik, Lowe, and Grafstein (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO ENACT THE LASTING ECONOMIC AND ACADEMIC PROSPERITY (LEAP)
3 ACT.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Article 3 of Chapter 143B of the General Statutes is amended by adding
6 a new section to read:

7 **"§ 143-168.17. Lasting Economic and Academic Prosperity (LEAP) Endowment Program.**

8 (a) Title; Purpose. – This section shall be known and may be cited as the Lasting
9 Economic and Academic Prosperity (LEAP) Act. The purpose of this section is to establish a
10 framework whereby the State may provide funds to be used by the Department of Health and
11 Human Services, Division of Child Development and Early Education, to (i) benefit North
12 Carolina children, (ii) establish and support endeavors to further early childhood development
13 and other interventions that can reasonably be anticipated to result in better educational and
14 life-quality outcomes, (iii) better target philanthropic funding to needed childhood initiatives,
15 and (iv) establish a stable and predictable form of State-match funding to incentivize total
16 philanthropic giving and bridge the gap between current and needed funding for educational and
17 developmental endeavors for the children of the State.

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

19 (1) DCDEE. – The Division of Child Development and Early Education within
20 the Department of Health and Human Services.

21 (2) Endowment. – Funds appropriated to DCDEE by the State for the endowment
22 of the Program.

23 (3) Excluded amount. – Funds raised by DCDEE through fundraising efforts that
24 are separately accounted, and reserved solely, for the Program, including
25 returns or earnings of any kind resulting directly or indirectly from investment
26 of such funds. The term does not include State funds appropriated or allocated
27 to DCDEE or funds raised by DCDEE for other purposes.

28 (4) Investment income. – Returns and earnings of any kind resulting directly or
29 indirectly from investment of the endowment by an independent investment
30 manager as allowed by this section.

31 (5) Program. – The Lasting Economic and Academic Prosperity Endowment
32 Program established in this section.

33 (6) Programmatic funds. – Investment income and excluded amounts not invested
34 with the endowment.



(c) Program. – The Program is established in the Department of Health and Human Services. DCDEE shall develop detailed guidelines to administer, and accomplish the purposes of, the Program. DCDEE, in administering the Program, shall be subject to all of the following:

(1) DCDEE shall use the funds as follows:

a. Endowment. – The endowment shall be used solely to produce investment income by an independent investment manager, as provided in this section.

b. Investment income. – Investment income shall be used to supplement or stabilize funding for any early childhood or child care initiatives administered by DCDEE to maintain and maximize the reach and continuous receipt and impact of those initiatives.

c. Excluded amounts. – Excluded amounts may be invested with the endowment or used for the purposes allowed for investment income.

(2) DCDEE shall report on (i) investment income earned and (ii) expenditures of programmatic funds to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on or before September 15 of each fiscal year and more frequently as requested.

(3) DCDEE shall contract with an independent investment manager to manage and invest the endowment for the purpose of generating investment income. The contract shall establish the annual compensation for the investment manager, including any management fee, which shall reflect asset-based pricing using a tiered structure, with an overall blended rate not to exceed 15 basis points. Amounts paid pursuant to this subdivision are overhead and administrative costs of DCDEE. The contract shall require that the investment manager disclose to DCDEE any interest that it or an owner, stockholder, partner, officer, director, member, employee, or agent of the investment manager has in a recipient of investment income from DCDEE to the extent the investment manager is aware of such recipients. The activities and investments of the investment manager are not subject to the reporting requirements of this section.

(4) DCDEE shall maintain separate accounting records for and separate accounts for programmatic funds and shall not commingle programmatic funds with other funds. DCDEE shall maintain records and accounts according to generally accepted accounting principles."

SECTION 2. Article 4 of Chapter 143C of the General Statutes is amended by adding a new section to read:

"§ 143C-4-2.1. LEAP Reserve.

(a) Creation. – The LEAP Reserve is established as a reserve in the General Fund and is a component of the unappropriated General Fund balance.

(b) LEAP Reserve Requirement. – Each Current Operations Appropriations Act enacted by the General Assembly shall include a transfer to the LEAP Reserve in an amount equal to the excluded amount, as defined in G.S. 143B-168.17, raised for the LEAP Endowment Program established in that section during the previous fiscal year. Each fiscal year, the Office of the State Controller shall transfer to the LEAP Reserve the amount included for transfer pursuant to this subsection. Funds transferred to the LEAP Reserve pursuant to this subsection are hereby appropriated to the Department of Health and Human Services, Division of Child Development and Early Education, in the year transferred for purposes consistent with the LEAP Endowment Program.

(c) Transfers of Funds to LEAP Reserve. – Each fiscal year, the Office of State Controller shall transfer to the LEAP Reserve the amount included for transfer pursuant to subsection (b) of this section.

1 (d) Additional Transfer of Funds by General Assembly Permissible. – Nothing in this
2 section shall be construed to prohibit the General Assembly from directing the transfer of
3 additional funds into the LEAP Reserve."

4 **SECTION 3.** There is appropriated from the General Fund to the Department of
5 Health and Human Services the recurring sum of four hundred fifty thousand dollars (\$450,000)
6 for the 2025-2026 fiscal year and the recurring sum of four hundred seventy-two thousand five
7 hundred dollars (\$472,500) for the 2026-2027 fiscal year to be allocated to the Division of Child
8 Development and Early Education to be used for fundraising efforts for the LEAP Endowment
9 Program established in G.S. 143-168.17. It is the intent of the General Assembly to appropriate
10 future amounts for the purposes described in this section for a minimum of eight additional years,
11 with each year having a five percent (5%) increase over the previous year's appropriation.

12 **SECTION 4.** Section 2 of this act becomes effective July 1, 2025. The remainder of
13 this act is effective when it becomes law.